

March 1, 2012

Via Email Only

Paul.clanon@cpuc.ca.gov

Paul Clanon
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Supplier Diversity 2011 Annual Report on the Utilization
of Women, Minority, and Disabled Veteran Business
Enterprises (WMDBE) and 2012 Annual Plan

Dear Paul Clanon:

Pursuant to Section 5.2 of Decision No. 11-05-019 and the February 10, 2012 direction from the California Public Utilities Commission (“CPUC”) provided to the utilities submitting Women, Minority, and Disabled Veterans Business Enterprises reports, Southern California Edison Company (U 338-E) is submitting to you an electronic copy of its Supplier Diversity 2011 Annual Report and its 2012 Annual Plan. An electronic copy is also being provided to Mr. Marshall Kennedy and Ms. Marzia Zafar of the Commission. Please do not hesitate to contact me if you have any questions.

Very truly yours,

/s/Gloria M. Ing

Gloria M. Ing

GMI:odf

Attachment

cc: Service List for R.09-07-027
Marshall.Kennedy@cpuc.ca.gov
Marzia.Zafar@cpuc.ca.gov

Building for Sustained Value and Supplier Diversity Performance

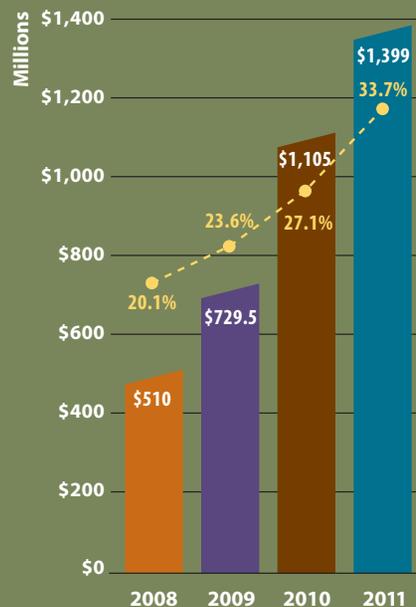


Over the past few years, Southern California Edison (SCE) has made significant progress in its spending with woman-, minority-, and disabled veteran-owned business enterprises (WMDVBEs). SCE's strong performance can be attributed to targeted outreach and programs, including SCE Supplier University, as well as increased collaboration by Supplier Diversity and Development, Supply Management, procurement staff, and business units.



SCE WMDVBE Goal Results 2008 to 2011 (\$ and %)

SCE HAS INCREASED SPEND WITH WMDVBEs BY 174% SINCE 2008. SPENDING WITH THESE FIRMS ALSO INCREASED AS A PERCENTAGE OF TOTAL COMPANY SPEND, FROM 20.1% IN 2008 TO 33.7% IN 2011.



SCE WMDVBE Subcontracting Results 2008 to 2011 (\$ and %)

SCE'S SPEND WITH WMDVBE SUBCONTRACTORS HAS ALSO INCREASED DRAMATICALLY SINCE 2008. IN 2011, SCE SPENT MORE THAN \$428.3 MILLION WITH THESE SUBCONTRACTORS—ALMOST FOUR TIMES THE \$109.3 MILLION SPENT IN 2008. WMDVBE SUBCONTRACTING SPEND, AT 21.6% OF TOTAL WMDVBE SPEND IN 2008, INCREASED TO 30.6% IN 2011.



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SPENDING WITH WMDVBE
FIRMS GREW TO

33.7% in 2011,
up from **27.1%** in 2010.

We have more than doubled
spend with WMDVBEs, from
\$510 million in 2008 to nearly
\$1.4 billion in 2011.



IN THE LAST YEAR ALONE, THE
NUMBER OF PEOPLE EMPLOYED BY
**SCESU Mentorship
Program** PARTICIPANTS
INCREASED BY MORE THAN **45%.**

MESSAGE FROM THE PRESIDENT

At Southern California Edison (SCE), our mission is delivering safe, reliable and affordable electricity. A strong, diverse base of suppliers is vital to the pursuit of our mission.

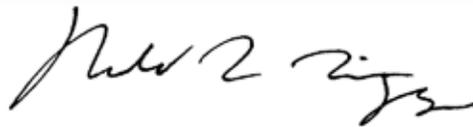
SUPPLIER DIVERSITY – A CORPORATE PRIORITY

Last year, we celebrated the first graduating class of the new SCE Supplier University (SCESU) Mentorship Program. The 18-month program gives entrepreneurs an edge by sharing information and by strengthening the critical skills they need to take their companies to the next level. The program also enables these business people to compete more successfully for larger contracts. Certainly the program helps increase our spending with woman-, minority- and disabled veteran-owned business enterprises (WMDVBES). Even more impressive is the job creation. In the last year alone, the number of people employed by SCESU Mentorship Program participants grew by more than 45%.

I believe the real story of a strong supplier diversity program goes beyond the numbers. Supplier diversity is about people – specifically, the hard-working businessmen and women who reflect our diverse service territory. That's why we at SCE work hard to go beyond just providing assistance and awarding contracts. Our focus is on building sustainable and productive relationships.

The results are clear. We have more than doubled spend with WMDVBES, from \$510 million in 2008 to nearly \$1.4 billion last year. Our customers have benefitted from a more competitive marketplace and more innovative solutions. For our region, it has meant more jobs and economic benefits.

Our performance is a testament to General Order 156, the work of the California Public Utilities Commission, and the hard work of our team at SCE. It also is a reflection of the entrepreneurs who wake up every day with the energy to propel business forward.



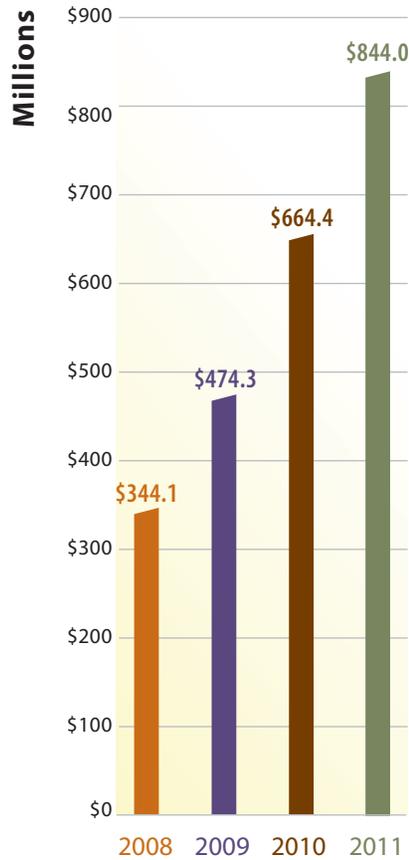
Ron Litzinger, *President* Southern California Edison

2011 ANNUAL REPORT

2011 Highlights

Total procurement spend with woman-, minority-, and disabled veteran-owned business enterprises (WMDVBEs) reached nearly \$1.4 billion, up from more than \$1.1 billion over the previous year. Spending with these firms grew to 33.7% in 2011, up from 27.1% in 2010 and exceeding the California Public Utilities Commission’s (CPUC) target of 21.5%.

SCE MBE Spend
2008-2011



SCE’s spend with minority business enterprises increased 145% from 2008 to 2011.

SCE WBE Spend
2008-2011



Spend with woman business enterprises increased more than 200% from 2008 to 2011.

Achievements in 2011 include:

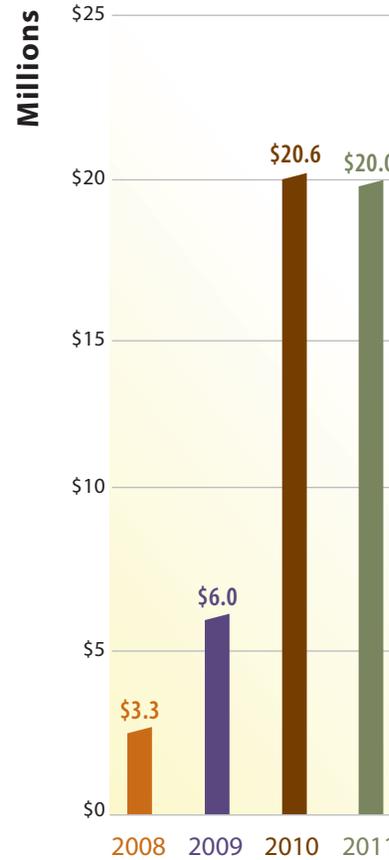
- **A 64.6%, or \$168 million, increase in spending with diverse subcontractors.**

Spending with diverse subcontractors grew to \$428.3 million in 2011. This was the result of SCE actively working with Tier 1 contractors to develop subcontracting opportunities for WMDVBE suppliers and providing tools and resources to help identify and hire them. In addition, to increase Tier 2 spending, new

purchase orders (PO) over \$250,000 report WMDVBE commitments. Supply Management also implemented an incentive plan in which WMDVBE performance is one of the incentive categories for prime suppliers. The goal of the plan is to increase contractors’ overall awareness to create additional Tier 2 WMDVBE opportunities.

- **Subcontracting with WMDVBEs on major projects.** Prime suppliers partnered with diverse firms on several major infrastructure projects. One partnership resulted in \$21.7 million of WMDVBE commitments, more than 64% of the total contract. Similarly, WMDVBE subcontracting spend for the Chino Hills segment of the Tehachapi Renewable Transmission Project (TRTP) grew from nearly 3% in 2010 to nearly 48%, or \$32.7 million.

SCE DVBE Spend
2008-2011

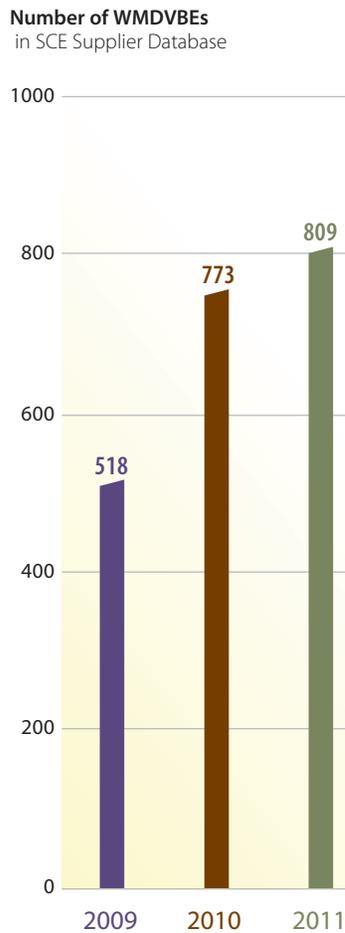


Although SCE’s spending with disabled veteran business enterprises increased dramatically since 2008, total spend in this category dropped slightly in 2011 compared to 2010. SCE is placing special focus on this area in 2012. For more information, see page 43.

- Targeted outreach to expand SCE’s supplier base.** SCE’s Transmission and Distribution Business Unit (TDBU) and Supply Management joined forces to expand the base of available suppliers by assisting a Latino-owned construction firm to successfully bid on an overhead line project after it became technically qualified to perform the work. The firm had worked with the company for 20-plus years on underground civil construction. Similar efforts are underway with other

diverse suppliers in the overhead line construction area. Partnering with diverse suppliers to educate and expand their capabilities benefits SCE by offering a greater choice of qualified service providers.

- Technical assistance and capacity building for WMDVBES.** SCE Supplier University (SCESU) is comprised of several programs to target and support the different needs of WMDVBES. Program areas include a Mentorship Program, Demonstration Center, Symposium, Targeted Capacity Building, Targeted Program, Business Edge Workshop Series, and Power Teams. SCESU reached more than 160 participants in 2011, which led to 82 contracts totaling \$14 million with mentored firms, with an additional \$5.3 million in Tier 2 WMDVBE spend with Mentorship Program participants. The five mentored firms that were awarded contracts also provided a boost to the local economy, with the total number of people employed by these companies growing by 100, or nearly 47%.



- A WMDVBE Symposium to introduce subcontractors to prime suppliers.** As part of SCESU, the company held its first WMDVBE Symposium to help prime suppliers meet potential diverse subcontractors. More than 75 WMDVBES had the opportunity to meet Supply Management managers and procurement agents and network with SCE’s largest prime suppliers.
- Greater collaboration among SCE business units and departments** which resulted in increased utilization and heightened awareness of diverse firms. Supplier Diversity and Development worked closely with Supply Management to create a Primary General Contractor List, a pre-qualified list of approved diverse contractors. The list is used on various tenant improvement project bidding opportunities to ensure cost savings, quality of work, and WMDVBE participation. In addition, SCE’s Renewable and Alternative Power, Power and Natural Gas groups held two workshops on the California power industry and how SCE procures power and natural gas. The workshops also provided information and one-on-one sessions to assist WMDVBE suppliers in SCE’s procurement process. In another example, Supplier Diversity and Development and Information Technology and Business Integration (ITBI) conducted a series of “WMDVBE road shows” to promote awareness of diverse suppliers with business unit stakeholders.
- New mentoring/protégé programs to increase Tier 2 WMDVBE participation** and foster long-term business relationships between prime suppliers and diverse subcontractors. The goal of these programs is to have prime suppliers serve as mentors and help WMDVBES improve their ability to win project opportunities.
- New reporting tools and enhancements** to better validate accuracy and integrity of WMDVBE spending data. This included SCE’s engagement of a leading supplier data management company to develop a more streamlined, web-based process for reporting Tier 2 spending.
- Expanded use of SCE’s WMDVBE Directory and SCE’s Supplier Registration portal tools**, which now include 900-plus certified diverse firms. These tools are accessible to SCE buyers, business units, and prime suppliers to find WMDVBES and are designed to leverage opportunities for diverse suppliers to meet with SCE staff and create opportunities to introduce their products and services.

Disabled Veteran Enterprises: OFFERING THE TOTAL PACKAGE

When SCE's contract for office supplies was coming due, a Supplier Diversity and Development manager approached Tom Schultz and asked if his office supply firm, Disabled Veteran Enterprises (DVE), was interested in bidding on the new contract.



The SCE representative, who previously met Schultz at an Elite Service Disabled Veteran-Owned Business Network event, provided guidance to ensure the firm's certification was up to date and insurance requirements were met.

Schultz put together a bid and "based on the total package of pricing and service, we were awarded the contract to supply the company with all of its

office supplies," he says, noting his disabled veteran-owned firm offered substantial cost savings to SCE. "In at least one product, the savings were well over \$100,000."

Schultz, a U.S. Army veteran who was wounded during the Vietnam War, bought the company in 2004. At the time, it was known as Toner Cartridge Service and was focused on selling recycled toner cartridges. Today, DVE offers a full range of office and janitorial products and has a technology division that sells HP, Xerox and other IT products. The firm has offices in San Francisco and Denver with distribution facilities in Southern and Northern California.

When it comes to supplier diversity, "Edison walks the walk," says Schultz, who saw the company's commitment firsthand when he met with SCE's vice president of Supply Management. "When you have SCE executives willing to spend time with you, it's pretty amazing. SCE looks for new opportunities with diverse companies and provides the support that very few Fortune 500 companies offer."

Tom Schultz's firm, Disabled Veteran Enterprises, was awarded a contract to supply SCE with all of its office supplies. The disabled veteran-owned firm offered significant savings to SCE (Schultz is pictured above).

- **Increased the number of WMDVBEs SCE does business with by 36.** The total number of WMDVBE firms that SCE did business with in 2011 increased to 809 from 773 in 2010. As a result of vigorous internal and external outreach activities, SCE broke new ground in the work performed by diverse suppliers in such areas as overhead line construction and environmental services. In the financial services area, SCE for the first time appointed WMDVBE firms as lead bookrunners in all financing transactions in 2011.
- **Training to prime suppliers to increase Tier 2 spending.** SCE provided training on the Tier 2 reporting software to prime suppliers participating in subcontracting.
- **An increase in spend with Native American firms.** SCE achieved a 42.4% growth with Native American firms, rising from \$19.1 million in 2010 to over \$27.2 million in 2011. Through its outreach activities, SCE recruited several businesses to participate in its capacity building programs – Turner School of Construction Management and SCESU. SCE also found a Native American-owned company which specializes in general engineering, demolition, logging, and water, sewer, pipeline, communication and power line construction. The firm was awarded three contracts as a prime supplier for SCE's Northern Hydroelectric projects.
- **Targeted outreach to disabled veteran business enterprises (DVBEs).** In 2011, SCE aggressively targeted DVBEs for business in new areas. One DVBE was awarded a three-year, \$25 million contract to provide office products and supplies to the company, with the firm offering significant cost savings to SCE. Despite such successes and efforts to identify and recruit more DVBE firms, SCE's 2011 spend in this area remained a challenge as it ended the year at 0.5%, similar to the previous year.
- **A record increase in WMDVBE financial services spend.** SCE Finance's efforts to increase business activity with diverse firms yielded positive results, with 2011 WMDVBE spend in financial services reaching a record 23%. The improved results were due to direct efforts, including communications with primary and diverse vendors, active participation in regulatory, legislative and industry conferences and forums, and advancing and cultivating greater awareness within the Finance organization. As a result, SCE continued its record of measurable procurement activity with WMDVBEs in various key business areas, including investment management, investment banking, commercial banking, and consulting.

- **An increase in WMDVBE legal spend.** In 2011, SCE Law's procurement with diverse firms totaled more than 16% of its overall legal spend. This growth can be attributed to a greater awareness of the goal to increase use of diverse law firms and a more focused effort to ensure WMDVBEs were properly certified and procurement expenditures were reported.

2011 Initiatives

In 2011, SCE launched initiatives to expand opportunities with diverse suppliers in targeted procurement areas, including construction services and materials. Initiative programs were designed to build their technical skills and competitive edge so diverse firms could be more successful in their efforts to win larger contracts with SCE and others. SCE's activities included:

- **Hands-on training in new and emerging technologies.** To increase WMDVBE participation in underutilized areas, SCE partnered with other corporations to look for innovative approaches to assist and train diverse suppliers on new advanced technologies. At the Tubular Steel Pole (TSP) Foundation event held in May 2011, 10 diverse firms learned about civil construction and tubular steel pole footings and transmission tower foundations. WMDVBE vendors received an overview of TDBU and upcoming projects involving civil and footing repair/replacement, an in-depth review of the Request for Proposal (RFP), and related commercial and technical aspects of the project. They were also provided information regarding the vendor qualification process.
- **Special initiatives and strategies to increase procurement dollars spent** with DVBEs and Native American-owned firms. These efforts were aimed at helping diverse firms grow from Tier 2 to prime suppliers and expanding Tier 2 subcontracting opportunities. While SCE was successful in increasing spend with Native American firms, DVBE spend continued to be a challenge.
- **Supporting and partnering with over 15 business chambers** and associations to strategically assist their members to develop business opportunities and participate in SCE's procurement program.
- **Engaging WMDVBEs in power procurement opportunities.** This included engagement with WMDVBEs at SCE's 2011 Renewable RFP Conference and partnership with a power industry trade association to host a WMDVBE workshop

in December 2011 focused on the state's power industry. It also included efforts to modify RFP materials and contracts to lower barriers to WMDVBE participation in power procurement.

- **Partnership with Turner Construction, a prime supplier,** to sponsor 19 WMDVBEs in the Turner School of Construction Management. The program is designed to help diverse construction firms gain more technical knowledge to increase their ability to grow their business and win more procurement opportunities.

INTERNAL/EXTERNAL ACTIVITIES (9.1.1)

In 2011, SCE made significant progress in expanding its use of WMDVBE suppliers through a variety of internal and external programs.

Internally, the company has programs and teams in place to encourage employees to keep WMDVBEs in mind for potential contracting opportunities. Externally, SCE reaches out to diverse firms, business and trade organizations, and the overall community to identify WMDVBEs with which to do business.

INTERNAL ACTIVITIES

SCE launched several initiatives to increase spending with WMDVBE firms, including enhanced communications; improved tracking, reporting and analysis of diverse supplier data; and greater collaboration among SCE departments and business units.

The company also offered capacity building and technical assistance programs, workshops, and other events, which attracted more than 700 WMDVBEs, including five in the SCESU pilot Mentorship Program.



At the SCE Supplier University Mentorship Program graduation (front row, l to r): Phil Ramos, Jr.; Phil Ramos, Sr.; Angel Ramos; and Phil Ramos, III from Philatron Wire & Cable. (back row, l to r): Richard Tom, SCE; and Walter Rhodes, SCE.

Herman Weissker:

LONG RELATIONSHIP LEADS TO NEW AREA OF WORK

Herman Weissker, Inc. has been working with SCE on underground transmission and distribution projects for more than two decades. But in 2011, SCE awarded the firm a contract in an entirely new area – electrical line construction – after it became technically qualified to perform the work.



The Latino-owned company successfully completed a 4-kV project in the South Bay area and will continue to be included in future SCE bid opportunities in electrical line construction.

Herman Weissker's overhead electrical construction group played an important role in providing emergency service and support to restore power to SCE customers following an unprecedented windstorm that hit Southern California in late 2011. The group worked alongside SCE crews to make needed repairs to downed power lines and restore service.

Herman Weissker is a subsidiary of the Meruelo Group, a minority-owned holding company that owns 20 different companies across 10 different industries. Its largest division is in construction and includes Herman Weissker, Doty Brothers, and Tidwell, all of which perform construction services for SCE.

"From the very beginning, the Supplier Diversity team reached out to our companies and worked to help make us true partners with Edison," according to Xavier Gutierrez, president and chief investment officer for the Meruelo Group.

"When working with SCE you feel like a real partner. The attitude of SCE team members, from top to bottom, is that we can all succeed together."

He adds that working with SCE over the years has also helped the local economy. "We employ thousands of employees in our construction division and the work we receive from SCE is a significant factor in our ability to not only create but sustain those 100% union jobs."

Pictured above: A Herman Weissker crew member works on an SCE overhead electrical line. The company was awarded a contract for electrical line construction after 20-plus years of working on underground transmission and distribution projects for SCE.

SCE Supplier University Successes

Based on the principle that supplier diversity is a sound business practice, SCE expanded its commitment to engage diverse firms through SCESU.

This unique and innovative program works with high potential diverse businesses to provide a wide array of developmental opportunities for advancement and to build capacity. SCESU is a corporate-wide initiative comprised of several curriculum tracks that prepare WMDVBES to extend their capabilities and compete more successfully not only for SCE procurement opportunities, but others in the competitive marketplace.

The following are key components of SCESU – all targeted to meet different developmental needs of diverse suppliers:

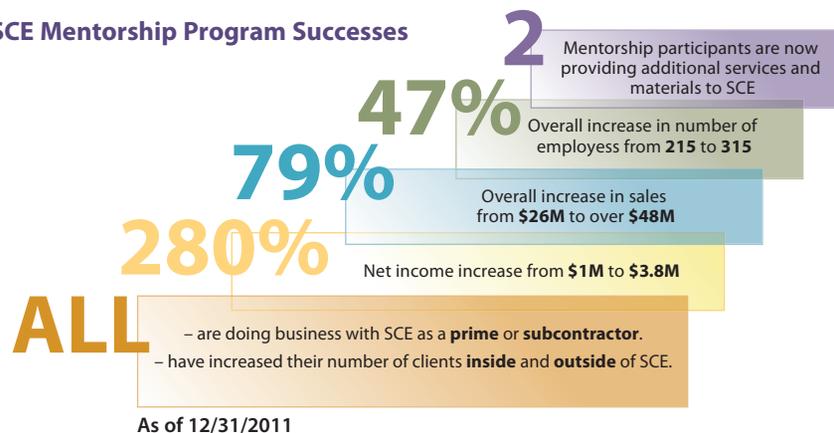
Mentorship Program – This flagship program is an intensive 18-month, four-tier progressive learning program designed for suppliers that have demonstrated a history of solid performance and are poised for growth. The customized curriculum identifies participants' specific areas for improvement and includes targeted coaching from a team of professionals to ensure ongoing support throughout the program. The program includes:

- A Power Team – Participants are surrounded by a team of SCE representatives, including a business unit manager, a Supply Management manager, a Supplier Diversity and Development staff member, and a professional business coach. The team is dedicated to further enhancing a relationship between the supplier and SCE representatives, focusing on specific developmental opportunities.
- Leading Edge Workshops – These classroom and individualized sessions are tailored to meet the specific needs of participants.
- Individualized Coaching – Participants are assigned a professional business coach to provide expertise to support internal growth and development.
- Executive Education – Participants are provided the opportunity to attend an executive education program at a leading university identified to suit the specific needs of each supplier.

In December 2011, SCE held its inaugural graduation ceremony for the five SCESU 2010-2011 Mentorship Program participants. The graduates were: Accord Engineering, Carob Valley Electric, M&W Partners, Philatron Wire and Cable, and Silverwood Energy. Their hard work and collaboration with SCE’s business unit representatives, Supply Management and Supplier Diversity and Development teams, and their appointed business coaches, paid off. All graduates are doing business with SCE, either as a prime contractor or a subcontractor. Combined sales of the five companies rose by nearly 80% since the inception of the program and the total number of people employed by these companies grew by 100, a nearly 47% increase.

Additionally, these firms have leveraged the information they gained through the program to win other business with San Diego Gas & Electric, SunPower, Martifer Solar, AE COM, Chevron, U.S. Army Corps of Engineers, Imperial Irrigation District, Los Angeles Unified School District, and Pacific Gas & Electric. This meets SCE’s goal of helping suppliers win more contracts, not just with the company, but in all their new business efforts.

SCE Mentorship Program Successes



Demonstration Centers – These centers provide interactive learning to diverse suppliers in new and emerging technologies. In these creative training environments, suppliers receive invaluable information from industry leaders and gain knowledge and expertise to prepare a quality bid on technology applications relevant to SCE.

WMDVBE Symposium – A one-day developmental and power networking event, this symposium brings together current and potential suppliers to obtain tools and skills to become more successful. SCE personnel, business coaches and community representatives conduct workshops to inform, engage and support suppliers. The symposium was held in March 2011 and attracted more than 75 WMDVBEs.

Targeted Capacity Building – This program is for the supplier that is not quite large enough for the Mentorship Program, but ready to leverage developmental support to expand its product or service capabilities. Participants, which include new and existing suppliers, benefit from individualized coaching that proactively addresses performance needs. Programs and events held in 2011 included Turner School of Construction Management, Post-Bid Debriefings with unsuccessful bidders, and individualized coaching.

WMDVBE Targeted Program – Building new relationships with WMDVBE firms in underrepresented ethnic and product categories is the focus of the WMDVBE Targeted Program. Sponsored by SCE or in collaboration with its recognized partners, prospective minority-, woman- and/or disabled veteran-owned firms receive category-specific training and support. The 2011 program included a DVBE leadership dinner and networking event and a woman business enterprise (WBE) networking dinner.

Business Edge Workshop Series – As in the past, SCE offered a series of free programs aimed at empowering diverse firms with essential, broad-based business management tools. Each workshop, which is open to all suppliers, is designed to help small and diverse firms build their capacity and competitive edge to effectively increase earnings, reduce costs, improve productivity, compete, and grow. In 2011, these workshops covered such topics as sales and sales growth strategies, formulating a marketing plan, and developing business. The series attracted nearly 550 attendees, representing 360 companies.

In 2011, SCE introduced a new workshop called “Contract Readiness – Strategies for Winning Contracts.” It is designed to help small WMDVBEs (revenues less than \$1 million) develop skills for future SCE contracting opportunities. One of the workshop’s lessons is that contract readiness is not only a mindset, but a business process that determines an organization’s ability to win contracts from corporations.

Program Requirements by SCE Spend with Suppliers*

MENTORSHIP PROGRAM \$3M-\$25M	DEMONSTRATION CENTER \$3M-\$10M
TARGETED CAPACITY BUILDING \$500K-\$2M	WMDVBE TARGETED PROGRAMS Business Edge Workshops \$0-\$2M

*Exceptions can be made based on category needs

Turner School of Construction Management – SCE partnered with Turner Construction, a prime supplier, to help WMDVBEs in the construction industry develop technical, administrative and managerial skills, and develop new strategic business relationships with SCE Supply Management representatives. Following on the initial success of the program in 2010, SCE sponsored 19 additional diverse suppliers in two sessions held over several weeks in 2011.

Improved Processes and Systems

In 2011, SCE enhanced its Tier 2 reporting system to better track and validate WMDVBE subcontracting spend and performance by prime suppliers.

Improvements were made to the system and process to automate the capturing and recording of subcontracting commitment forms from prime suppliers and Supply Management staff. Supplier Diversity and Development also made changes to the company's subcontracting reports to better track WMDVBE spending.

In addition, SCE enhanced content and updated the Supplier Registration portal to provide information on events and workshops hosted or attended by Supplier Diversity and Development staff. These efforts are designed to leverage opportunities for diverse suppliers to meet with SCE staff and create opportunities to introduce their products and services. The portal is an online tool to help procurement agents identify diverse suppliers to participate in contracting opportunities and is also used to create the WMDVBE Directory, a catalog of more than 900 diverse firms that have registered on SCE's supplier portal.

SCE CONTRACTS AWARDED TO SCESU MENTORSHIP/PROGRAM PARTICIPANTS SUBSEQUENT TO INVOLVEMENT WITH SCESU: \$45.2 Million*

*As of 12/31/2011

Internal Communications

SCE employed several tools to communicate supplier diversity activities with employees. These include:

- Regular participation in conference calls and meetings with Supplier Diversity and Development and Supply Management team members to share information on procurement opportunities, identify WMDVBE suppliers, and communicate upcoming Supplier Diversity and Development-attended and/or hosted events.
- WMDVBE Directory, a 300-plus page catalog of more than 900 certified diverse suppliers registered in SCE's Supplier Registration portal. Enhancements were made to the directory, which is used by SCE buyers, business units, and prime suppliers, to ensure access to the widest possible pool of WMDVBEs. It has been an invaluable tool to help SCE employees and prime suppliers identify potential resources as bidding or subcontracting opportunities arise.

Collaboration and Commitment

Collaboration, partnerships, communications, and creative thinking are crucial to any successful supplier diversity program and SCE's is no exception. Close collaboration by Supplier Diversity and Development, Supply Management, and business unit staff are essential to SCE's Supplier Diversity Program. The following are some examples of how these groups teamed up to advance and achieve Supplier Diversity Program objectives:

- SCE held its inaugural internal Recognition Event in April 2011 to recognize the partnership between business units and Supply Management staff in exceeding the company's WMDVBE goals for 2010. The event also acknowledged the innovative approaches by SCE's internal partners in working with diverse suppliers.
- Supplier Diversity and Development worked closely with Supply Management to create a Primary General Contractor List, a pre-qualified list of approved diverse contractors. The list is utilized on various tenant improvement project bidding opportunities to ensure cost savings, quality of work, and WMDVBE participation.

- TDBU and Supply Management joined forces to help a Latino-owned construction firm bid on an overhead line project. The supplier, which has worked with the company for 20-plus years on underground civil construction, was awarded an SCE contract for overhead line construction work.
- SCE's Renewable and Alternative Power, Power and Natural Gas groups worked together to hold two WMDVBE workshops focused on the California power industry and how SCE procures power and natural gas. The workshops also provided information and one-on-one sessions to assist WMDVBE suppliers in SCE's procurement process.
- SCE's Renewable and Alternative Power, Power and Natural Gas groups engaged WMDVBEs in their RFPs and included WMDVBE subcontracting language in their power procurement agreements.
- Supplier Diversity and Development and ITBI conducted a series of "WMDVBE road shows" to promote awareness of diverse suppliers with business unit stakeholders.

Supply Management

Supply Management played a key role in SCE's WMDVBE goal achievement in 2011. The following are highlights of the department's WMDVBE procurement successes:

- Awarded a three-year, \$25 million contract to a disabled veteran-owned firm to provide SCE's office products and supplies.
- Executed a master agreement totaling \$1.5 million with five diverse firms to provide amenities and promotional items.
- In the IT area, use of Value Added Resellers (VARs) to enhance the efficient delivery of needed service resulted in \$80.9 million in spend with WMDVBEs.
- One Native American-owned civil construction firm was the successful bidder on a \$4 million-plus contract for the Rancheria Campground Rehabilitation Project. Also, traffic control contracts for TDBU were competitively bid and awarded to five WMDVBEs, amounting to 100% of the estimated annual spending of \$20 million.

- In the areas of facility construction, management and maintenance, WMDVBE spend averaged about 58% across approximately \$160 million in capital spending, the majority of which was Tier 1 spend. Supply Management also awarded contracts to eight Tier 1 WMDVBE general contractors totaling \$9.4 million for facility maintenance services over a two-year term. Approximately 96% of the total SCE spend for these services was awarded to WMDVBE firms. In addition, a three-year contract valued at \$2.1 million was awarded to a Tier 1 Latino-owned carpet installer/distributor.

In addition to the above examples of new contract award successes, there were also significant spend increases in existing contracts in areas such as staffing services (a \$29.5 million increase); tools, hardware and equipment (a \$35.0 million increase); and construction (a \$36.6 million increase).

Executive Support

SCE management has made supplier diversity performance an annual corporate goal, and regularly reviews supplier diversity progress and leads the company-wide WMDVBE initiatives by example.

EXTERNAL ACTIVITIES

SCE supports numerous organizations that promote the growth and development of diverse business enterprises, including providing leadership, guidance, support, and in-kind donations and services.

The company's external activities are intended to identify WMDVBEs for business opportunities with SCE and offer programs to help them grow and prosper. Activities in 2011 included:

- Participating in joint utility meetings to share ideas and partner on strategic efforts to increase WMDVBE utilization such as the planning, development and presentation of a series of CPUC small business expos. Other meeting activities included review and discussions on matters relating to the General Order (GO) 156 rulemaking.
- Working with chambers and trade associations to introduce SCESU and creating a pipeline of diverse firms for future participation in the program.

Utility Consulting Group:

HELPING SCE IMPROVE EFFICIENCIES

For much of her career, Shannon Krogh provided consulting services to SCE and others in the utility industry as a consultant with one of the former “Big Five” accounting firms.

After that firm’s collapse following the Enron scandal, Krogh brought together former colleagues to form Utility Consulting Group (UCG), a management consulting firm specializing in providing strategic and operational solutions for companies in the utility industry.



Soon after, SCE helped the woman-owned firm through the certification process and hired UCG to perform services ranging from improving business processes and implementing new business capabilities to assisting with regulatory filings and applications and supporting various business segments with their annual planning, goal setting, and performance management processes.

Such activities have helped SCE achieve its mission of providing safe, reliable and affordable services to customers. While it’s hard to quantify UCG’s impact, the firm’s work on a recent general rate case helped SCE identify over \$100 million of incremental revenue.

“We were pleased to resume the relationship with Edison under the UCG business card,” says Krogh, noting that having SCE as its first customer opened doors to other clients.

“Edison is valued in the marketplace; it adds credibility to our business and our ability to serve our clients.”

Since UCG’s founding in 2006, SCE has taken advantage of the firm’s extensive utility industry experience. The firm, which has 25 employees in Los Angeles and Phoenix, has been involved with improving many regulatory, accounting and finance processes. They have also assisted with many regulatory proceedings and have been involved with strategy, business planning and performance measurement for some of SCE’s largest business units.

Krogh appreciates the support SCE has given her firm over the years. “Edison is very collaborative and always very goal-focused; there’s always a commitment to quality and realizing benefits that you don’t see anywhere else. We are proud to have the opportunity to serve and support Edison.”

In 2006, Shannon Krogh (pictured above, second from left) brought together former colleagues from a previous “Big 5” accounting firm to form Utility Consulting Group (l to r): Dave White, Krogh, Carol Moss, and Richard Lau.

- Taking the lead and working with other investor-owned utilities in creating new criteria and reporting formats for Conventional Power, Renewable Power and Fuels for Non-Generating for 2012.
- Creating a quarterly newsletter, *SCESU Pipeline*, for prime suppliers and WMDVBEs about SCE’s procurement opportunities and Supplier Diversity and Development programs.
- Increasing women’s participation in the Women’s Business Enterprise National Council (WBENC), the largest third-party certifier of women-owned firms in the U.S., through WMDVBE outreach activities and events.
- Testifying in joint CPUC and Senate hearings on utilization of emerging WMDVBE managers in investment services.

WMDVBE Organizations

In 2011, SCE employees served in board leadership positions and/or held memberships on a wide variety of advisory boards, committees, and organizations focused on supplier diversity issues. These included:

- American Association of Blacks in Energy
- American Indian Chamber of Commerce of California
- American Indian National Chamber
- Antelope Valley Board of Trade
- Asian Business Association (Los Angeles/Orange County/Inland Empire Chapters)
- Asian Community Development
- Asian Women Entrepreneurs
- Black Business Association
- Black Chamber of Commerce of Orange County
- California Asian Chamber of Commerce

- California Black Chamber of Commerce
- California Disabled Veteran Business Alliance
- California Hispanic Chamber of Commerce
- California Utilities Diversity Council
- Chamber of Commerce – Inland Empire African-American
- Chamber of Commerce – Vietnamese-American
- Chinese American Construction Professionals
- Elite Service Disabled Veteran Owned Business Network (Inland Empire/ Los Angeles/Orange County/Northern California/San Diego Chapters)
- Edison Electric Institute
- Filipino American Chamber of Commerce of Orange County
- Global Federation of Chinese Business Women
- Global Organization for Leadership & Diversity
- Greater Los Angeles African American Chamber of Commerce
- Kern County Black Chamber of Commerce
- Kern County Hispanic Chamber of Commerce, Inc.
- Latin Business Association
- Los Angeles Minority Business Opportunity Committee
- Moreno Valley African American Chamber of Commerce
- National Association of Securities Professionals
- National Association of Women Business Owners (Inland Empire/ Los Angeles/Orange County Chapters)
- National Black Chamber of Commerce
- National Center for American Indian Enterprise Development
- National Council of Minorities in Energy
- Orange County Chinese American Chamber of Commerce
- Orange County Hispanic Chamber of Commerce
- Regional Hispanic Chamber of Commerce
- National Elite DVBE Network
- San Fernando Valley Black Chamber
- Southern California Minority Business Development Council
- U.S. Hispanic Chamber of Commerce
- Victor Valley African American Chamber of Commerce
- Young Black Contractors Association Inc.
- Women’s Business Enterprise Council West



SCE President Ron Litzinger (center) served as Dinner Chair of the Asian Business Association–Los Angeles Chapter’s 2011 Annual Awards Banquet (l to r): Dennis Huang, executive director of ABALA; Grace Whitcomb, diversity manager; Richard Tom, director of Supply Excellence; Litzinger; Walter Rhodes, VP, Supply Management; Joe Alderete, manager of Supplier Diversity.

Outreach Events

African American Organizations

African American-Owned Business Procurement Spend



- African American Community Forum in Palmdale, Lancaster and Fontana
- American Association of Blacks in Energy's National Conference
- Black Business Association – Los Angeles' Procurement Opportunity Matchmaking
- Black Business Association – Los Angeles' Salute to Black Women Business Conference & Award Luncheon (Women's History Month)
- Black Business Association – Los Angeles' 8th Annual Procurement Exchange
- Black Business Association – Los Angeles' 37th Annual Awards Dinner (Black History Month)
- Black Economic Council's 6th Annual Urban Economic Conference – Bridging the Economic Gap
- California Black Chamber of Commerce's African American Leadership Weekend
- California Black Chamber of Commerce's Legislative Reception
- California Black Chamber of Commerce's Ron Brown Business Economic Summit & Youth Scholarship Awards
- Greater Los Angeles African American Chamber of Commerce's Officer Installation Reception
- Greater Los Angeles African American Chamber of Commerce's 18th Annual Economic Awards Dinner
- Moreno Valley Black Chamber of Commerce's Madame C. J. Walker Awards Luncheon
- National Association for the Advancement of Colored People's 102nd Annual National Convention
- National Association of Securities Professionals' 22nd Annual Pensions and Financial Services Conference
- Orange County Black Chamber of Commerce's Annual Gala Celebration
- Orange County Black Chamber of Commerce's Black Chamber Golf Classic
- Orange County Black Chamber of Commerce's Business Mixer
- Orange County Black Chamber of Commerce's Gala Awards Reception
- Recycling Black Dollars' Annual Awards Dinner
- Regional Black Chamber of Commerce San Fernando Valley's 7th Annual Small Business Gala Awards Dinner
- Riverside County Black Chamber of Commerce - Black & Hispanic Chamber of Commerce's Business Explosion Luncheon
- San Fernando Valley Black Chamber's Annual Awards Dinner
- United States Black Chamber of Commerce's School of Chamber Management
- Young Black Contractors Association Inc.'s Awards Dinner



SCE served as Dinner Chair at the Black Business Association's 37th Annual Awards Dinner (l to r): Earl 'Skip' Cooper, president/CEO, Black Business Association of Los Angeles; Ezekiel Patten, owner, Patten Energy; Bill Freeman, owner, Freeman Alternative Resources Inc.; Cecil House, SVP and chief procurement officer, SCE; Carl Dickerson, owner, Dickerson Employee Benefits; Clarence Scott, owner, Brandon Supply Corporation; and Gwen Moore, owner, GEM Communications.

Asian Organizations

- Asian Business Association – Inland Empire Chapter’s Networking Mixer and Membership Night
- Asian Business Association – Los Angeles Chapter’s Entrepreneur Mentoring Program Kick-Off & Business Mixer
- Asian Business Association – Los Angeles Chapter’s Meet the Buyers Workshop hosted and co-sponsored by SCE
- Asian Business Association – Los Angeles Chapter’s Small Business Exchange
- Asian Business Association – Los Angeles Chapter’s 13th Annual Golf Tournament
- Asian Business Association – Los Angeles Chapter’s 35th Annual Awards Dinner
- Asian Business Association – Los Angeles Chapter’s Quarterly Corporate Advisory Council Meetings
- *Asian Enterprise Magazine’s* 18th Annual National Asian Entrepreneur of the Year Awards Dinner
- Asian Pacific Islander Community Forum hosted by SCE
- Asian Women Entrepreneurs’ 7th Anniversary Celebration Luncheon
- *California Journal for Filipino Americans’* 17th Anniversary Awards Dinner
- Chinese American Construction Professionals’ 29th Annual Awards and Installation Conference & Expo – Work Local - Position Global
- Chinese American Construction Professionals’ Lunar New Year Celebration Dinner

**Dahl Taylor & Associates:
PERSISTENCE PAYS OFF**

Quang Vu, who owns Dahl Taylor & Associates, Inc., gives new meaning to the saying, “Persistence pays off.” After 14 unsuccessful bids over a nearly three-year period, he finally scored an SCE contract in 2009 to perform engineering and general contracting services on a mechanical electrical equipment room at a substation near Visalia.

“Every time I wasn’t successful in getting a contract, I wanted to know what I did wrong or what I needed to improve on for the next one,” says Vu, who requested eight post-bid debriefings with SCE contracting and procurement managers to receive feedback on the recently submitted bids.



During these meetings, he gained insight on how the firm could improve its overall bid package, project scope, scheduling details, and cost breakdown. Sometimes, Vu offered too little or too many details, “but every time I failed, I learned something new,” he adds.

Vu not only took these comments to heart, but also focused on his firm’s strengths and niche of providing electrical, mechanical and structural engineering and general contracting services. In addition, he attended several SCE workshops to learn how his firm could be more competitive.

Dahl Taylor has since been awarded three additional contracts with Edison. As a result, the Asian American-owned firm has hired six more employees, bringing the total number to 31.

Vu formerly worked for the firm as an engineer and bought the company in 1991 from company founders Neil Dahl and Russ Taylor. At the time, the company had 11 employees and was primarily a mechanical engineering firm. Today, it has operations in San Diego and Fremont in addition to its headquarters in Santa Ana.

Looking back on the so-called failures, Vu never thought of giving up. “I knew we could be a strong partner to Edison,” he says.

Quang Vu (pictured above) stands in the mechanical electrical equipment room his firm, Dahl Taylor, worked on for SCE. After 14 unsuccessful bids over a nearly three-year period, his firm has been awarded four contracts with SCE.

Tim Messer Construction:

ACHIEVING STEADY GROWTH WITH SCE

In 2008, Tim Messer's construction company was feeling the effects of a depressed housing market and weak economy. Fortunately, a contractor hired his firm to perform subcontracting services for SCE's Northern Hydroelectric operations and within three years, Tim Messer Construction became a prime contractor for SCE.



The Native American-owned company – which specializes in general engineering, demolition, logging, and water, sewer, pipeline, communication, and power line construction – has been awarded three contracts as a prime supplier for SCE's Northern Hydroelectric projects.

Tim Messer Construction's steady growth with SCE includes repairing a sewer line near the company's Big Creek plant, building a water gauging station by Redinger Lake, and making improvements to a

50-acre, 149-site campground near Huntington Lake. The campground renovation, which is part of the Rancheria Campground Rehabilitation Project, is a multi-million dollar contract and involves leveling campsites, installing new toilets, and enhancing the overall area.

Messer, owner and president of the Auberry, Calif.-based firm he founded eight years ago, says he is grateful to SCE, which is now one of his company's largest customers. His workforce has grown from eight to 25 employees "mostly because of the work with Edison."

Aside from the increased business, Messer says he enjoys the relationship with SCE for many reasons.

"SCE is very organized and they want you to work in a safe environment over and above anything else. Safety is the biggest concern.

Also, if you don't meet the qualifications, you're not going to work for them for long." He adds, "We always try to work in a safe environment and we don't cut corners. Edison appreciates that. We go the extra distance and follow through on what we say we're going to do."

Tim Messer's company, Tim Messer Construction, started out as a subcontractor for SCE and is now a prime contractor for SCE. The Native American firm has grown from eight to 25 employees "mostly because of the work with Edison," says Messer (pictured above).

- Chinese American Construction Professionals' Annual Retreat Planning Meeting hosted by SCE
- Filipino American Chamber of Commerce of Orange County's Secrets to Success Panel Presentation & Mixer
- Filipino American Chamber of Commerce of Orange County's 3rd Annual Green & Health Expo
- Global Federation of Chinese Business Women – Southern California Chapter's Lunar New Year Dinner
- Global Federation of Chinese Business Women – Southern California Chapter's Board and Officer Election Meetings
- India Trade Conference – Trade & Humanity
- Korean American Chamber of Commerce of Los Angeles' 34th Annual Gala & Awards Night
- Orange County Chinese-American Chamber of Commerce's Installation Dinner
- Orange County Chinese-American Chamber of Commerce's Annual Scholarship Dinner
- Overseas Business Enterprises' Installation Dinner
- Pacific Islander Community Forum in Carson hosted by SCE
- South Asian Business Alliance Network's Business Awards Night
- U.S. Pan Asian American Chamber of Commerce's Business Forecast: "Where Are the Opportunities and Access to Capital" Workshop

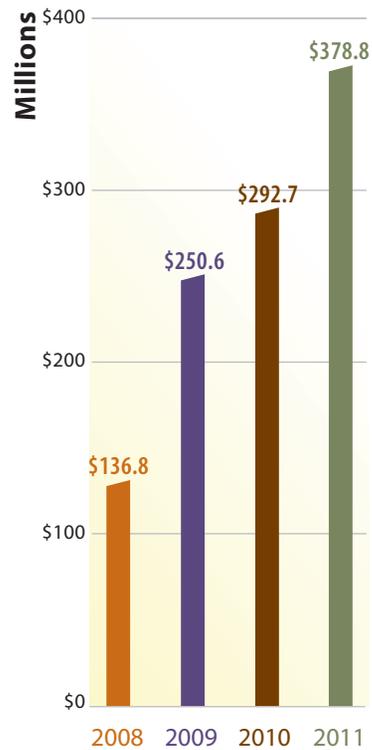
Asian-Owned Business Procurement Spend



- U.S. Pan Asian American Chamber of Commerce’s CelebrAsian Business Opportunity Conference
- U.S. Pan Asian American Chamber of Commerce’s Procurement Connection and Awards Dinner

Latino Organizations

Latino-Owned Business Procurement Spend



- California Hispanic Chamber of Commerce’s Annual Legislation Day
- California Hispanic Chamber of Commerce’s Board Retreat
- California Hispanic Chamber of Commerce’s 32nd Statewide Annual Convention & Business Expo
- High Desert Hispanic Chamber of Commerce’s Awards Banquet
- High Desert Hispanic Chamber of Commerce’s Small Business Assistance Day
- Inland Empire Hispanic Chamber of Commerce’s Business Explosion Luncheon
- Latin Business Association’s Minority Women’s Conference
- Latin Business Association’s Sol Business Awards Gala
- Latino Business Chamber of Greater Los Angeles’ 2nd Annual Latino Business Awards

- Latino Community Forums in Ventura County, Inland Empire, Cathedral City, Lynwood, Santa Ana, Fontana and Tulare
- Orange County Hispanic Chamber of Commerce’s Estella Awards & Business Mixers

- Regional Hispanic Chamber of Commerce’s Business Development Conference
- Regional Hispanic Chamber of Commerce’s Mujeres Del Gala Awards Dinner
- SCE’s Hispanic Heritage Month Celebration
- The Latino Coalition’s Southern California Economic Summit & B2B Procurement Matchmaking
- U.S. Hispanic Chamber of Commerce’s Annual Legislative Summit
- U.S. Hispanic Chamber of Commerce’s 32nd Annual National Convention & Business Expo

Native American Organizations

- American Indian Chamber of Commerce of California’s American Indian Chamber Education Fund – Procurement Technical Assistance Center (24 workshops)
- American Indian Chamber of Commerce of California’s Annual Business Expo
- American Indian Chamber of Commerce of California’s Annual June Recognition Luncheon & MEDweek Event
- American Indian Chamber of Commerce of California’s Heritage Month Luncheon
- American Indian Chamber of Commerce of California’s Northern California Holiday Event
- American Indian Chamber of Commerce of California - San Diego/Southern California Joint Chapter Meeting

Native American-Owned Business Procurement Spend

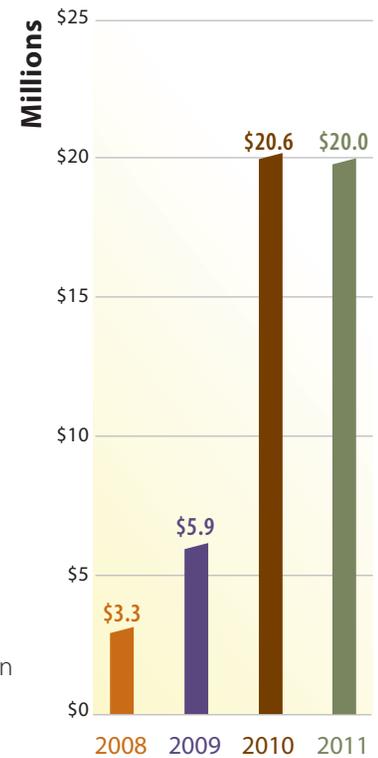


- American Indian Chamber of Commerce of California’s Southern California Holiday Event
- American Indian Chamber of Commerce of California’s 16th Annual Western Indian Gaming Conference – California Nations Indian Gaming Association
- National Center for American Indian Enterprise Development’s 9th Annual Native American Procurement Conference
- National Center for American Indian Enterprise Development’s Reservation Economic Summit
- Native American Indian Community Forum in Bishop, Mono County and Tulare County
- Native American Veterans Association
- Walking Shield’s Silver Anniversary Conference

Disabled Veteran Organizations

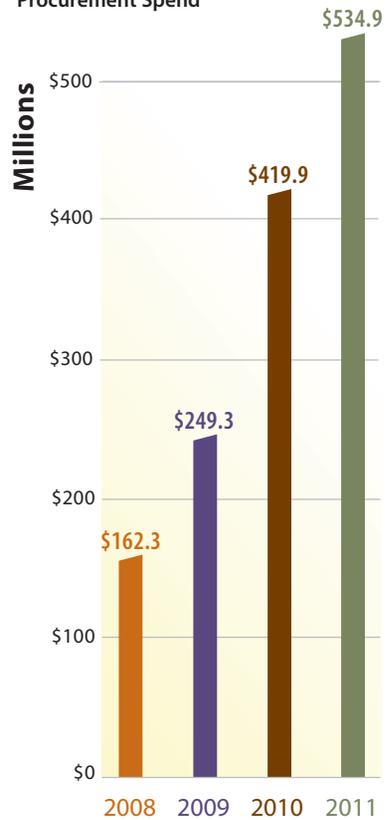
- California DVBE Alliance’s Annual Veterans Celebration Breakfast
- California DVBE Alliance’s Keeping the Promise Expo
- California DVBE Alliance Orange County & Los Angeles Service Disabled Veteran Chapters Meeting hosted by Northrop Grumman Aerospace Systems
- Elite Service Disabled Veteran-Owned Businesses’ Annual Pre-Veterans Day Event
- Elite Service Disabled Veteran-Owned Businesses’ Orange Chapter Opening Ceremony
- Elite Service Disabled Veteran-Owned Businesses’ 5th Annual Membership Recognition Dinner
- Elite Service Disabled Veteran-Owned Businesses’ 8th Annual National Convention of Service Veteran and Small Businesses
- Inland Empire Disabled Veteran-Owned Businesses & Small Business Match Making Summit
- U.S. Army Corps of Engineers’ 10th Annual Veterans and Small Business Training and Outreach Conference

Disabled Veteran-Owned Business Procurement Spend



Women Organizations

Woman-Owned Business Procurement Spend



- California Governor & First Lady's Conference for Women
- National Association of Women Business Owners – Los Angeles Chapter's Kick-Off High Tea for the Annual Leadership & Legacy Awards Luncheon
- National Association of Women Business Owners – Los Angeles Chapter's 25th Annual Leadership & Legacy Awards Luncheon
- National Association of Women Business Owners - Inland Empire Chapter's Amazing Women Awards Dinner
- National Association of Women Business Owners – Women's Business Conference
- Women's Business Enterprise Council's West Annual Business Conference
- Women's Business Enterprise National Council's National Conference & Business Fair

Other

- California Public Utilities Commission's Inland Empire Procurement Expo
- California Public Utilities Commission's San Francisco American Legion Post No. 875 Conference – "Veterans Helping Veterans"
- California Public Utilities Commission/Pacific Gas and Electric's Small Business Expo, Stockton
- California Utilities Diversity Council Meetings
- City of Los Angeles' MED Week B2B event
- Credit Suisse Emerging Manager Conference, Beverly Hills
- Edison Electric Institute's SBA/GSA Federal Subcontracting and Best Practices Workshop, San Antonio, Texas
- Edison Electric Institute's 28th Annual Supplier Diversity Conference, Seattle
- National Association of Minority Contractors' Annual Awards Dinner – New Challenges Equal Innovative Solutions
- National Minority Supplier Development Council's Quarterly Board Meeting, Nevada
- National Minority Supplier Development Council's Program Managers' Training, Chicago
- National Minority Supplier Development Council's Conference & Business Opportunity Fair, Atlanta



Business Edge workshop on marketing plans presented by Michael Scoto, chair, Ventura County Chapter–SCORE.

- Opal Financial Emerging Manager Conference, Chicago
- Orange County Transportation Authority's Small Business Expo at San Manuel Indian Bingo & Casino, Highland, Calif.
- RG & Associates Emerging Manager Conference, New York
- SCE-hosted Supplier Symposium
- Southern California Minority Business Development Council's 35th Annual Minority Business Opportunity Day
- Southern California Minority Business Development Council's Capacity Building Initiative Kick-Off Luncheon
- Southern California Minority Business Development Council's Power of Relationships: Business Networking Reception & Reverse Trade Fair
- Southern California Minority Business Development Council's Corporation of the Year Award Reception
- Southern California Minority Business Development Council's 27th Annual Leadership Awards Gala
- Turner School of Construction Management's Class Graduation Ceremony
- Turner School of Construction Management's Class Kick-Off
- U.S. Small Business Administration's 8(a) Conference
- U.S. Small Business Administration's 48th Annual Small Business Week Awards Luncheon
- U.S. Small Business Administration's 4th Annual Faith-Based Small Business Summit – "Making the Connection Between Faith & Business"

SCE also took key leadership roles in the following:

Black Economic Council (BEC) – SCE sponsored and participated in several of the council's outreach events, including serving as a panelist at the organization's 6th Annual Urban Economic Conference. BEC's mission is to promote the self-sufficiency of black American communities through structured economic

development and focuses on areas such as business formation and job creation, access to capital and financial fitness. The BEC represented a new venue for SCE to provide additional outreach opportunities to African American suppliers.

U.S. Black Chamber of Commerce (USBC) – In 2011, SCE supported and sponsored the chamber, a national organization that promotes legislation and policies that address the challenges of black business owners. Among the activities the organization is involved with: working with financial institutions to help business owners expand their operations and providing technical assistance and leadership training. SCE was one of the first corporations to sponsor USBC's first School of Management Conference held in Washington, D.C. in July. The chamber, with its 115-plus members nationwide, provides SCE access to a database of over 100,000 black businesses.

California Hispanic Chamber of Commerce's 32nd Statewide Convention – SCE served as co-sponsor of the business luncheon with Walter Rhodes, SCE vice president, Supply Management, addressing the audience and introducing keynote speaker CPUC Commissioner Catherine Sandoval. In addition, SCE Supply Management representatives participated in one-on-one interviews during the business matchmaking session.

National Association of Women Business Owners – Los Angeles Chapter's Leadership & Legacy Awards Luncheon – SCE Community Involvement partnered with Supplier Diversity and Development and served as title sponsor for NAWBO-LA's annual luncheon. SCE attendees included SCE Supply Management managers and procurement agents, business unit representatives and staff from Human Resources, Finance, Supplier Diversity and Development, and Community Involvement. SCE's Senior Vice President and Chief Procurement Officer Cecil House received the organization's Diversity Champion of the Year Award, which honors an individual who has demonstrated a commitment to ensure women gain access to increased business opportunities.

Small Business Association's Small Business Summit – SCE sponsored the organization's Faith-Based Small Business Summit, "Making the Connection Between Faith and Business." SCE's Supplier Diversity and Development manager was a panelist and provided information on how to do business with the company. The company also had an exhibit booth where an SCE buyer and Supplier Diversity and Development manager were on hand to meet with WMDVBEs interested in doing business with SCE.

Asian Business Association (ABA) Chapters in Southern California – SCE has been a supporter of the association’s Los Angeles, Orange County and Inland Empire chapters since their inception, providing financial sponsorships and in-kind donations. A Supplier Diversity and Development manager has also taken an active leadership role in guiding the ABA’s services and programs. During 2011, SCE participated in numerous ABA events, including its annual awards dinner, procurement conference, small business exchange, business matchmaking and certification workshops, meet-the-buyers luncheon, and business development seminars. SCE President Ron Litzinger served as dinner chair of the Los Angeles chapter’s 2011 annual awards dinner and the company’s contributions helped the organization achieve its most successful fundraising event to date. As a result of SCE’s involvement with the organization, several members have become SCE suppliers.

Asian Business Association (ABA) – Orange County Chapter’s ProCon Event – SCE received recognition as a key sponsor and participant at the chapter’s flagship diverse business outreach event. Supplier Diversity and Development partnered with the Customer Solutions business unit to exhibit and promote energy efficiency/management programs with conference attendees. Walter Rhodes, SCE vice president, Supply Management, served on a panel to discuss the company’s Supplier Diversity Program. He also had the opportunity to meet Asian business community leaders, corporate sponsors and executives, and the general counsel from the Greenlining Institute. In the afternoon session, six SCE buyers participated in a business matchmaking workshop and later had the opportunity to meet with WMDVBEs. A Supplier Diversity and Development manager also served on the “How to Do Business with Public Utilities and Corporations” panel.

U.S. Pan Asian American Chamber of Commerce (USPAACC) – SCE participated in the “2011 Business Forecast: Where Are the Opportunities and Access to Capital?” workshop. SCE’s manager of Supplier Diversity served on a panel to provide information on how to do business with the company. SCE also participated in the organization’s CelebrAsian Conference and Awards Dinner, which included a trade exhibit, business matchmaking sessions, and award dinner. In addition, SCE was one of three companies to receive the Corporation of the Year Award at the USPAACC-West’s “Procurement Connections – Being Successful Together In 2011 & Beyond” conference and annual awards dinner. SCE received the top ranking for its leading-edge WMDVBE mentoring programs and proactive strategies in advancing WMDVBE goals.

Additional Outreach Activities

Native American Businesses

As a result of targeted outreach to Native American-owned businesses, SCE achieved a 42.4% growth with these firms, rising from \$19.1 million in 2010 to over \$27.2 million in 2011.

Local Public Affairs and Edison International’s Public Affairs joined forces and coordinated the company’s first regional tribal engagement forum with three Eastern Sierra tribes – Bishop Paiute, Benton Paiute, and Bridgeport Indian Colony. As a result of the forum, SCE:

- Strengthened its relationship with the Eastern Sierra tribal community
- Shared information about various programs and services that the tribes could provide to their members
- Learned about the needs and issues facing tribal communities within its service territory
- Established a relationship with a Native American-owned printer that provided the booklets for 12 community forums in 2011

SCE also presented a \$10,000 cash grant to Bishop Paiute’s Owens Valley Paiute Shoshone Cultural Center. Bishop Paiute is in the process of becoming a CARE Capitation Agency for its tribal members.

In addition, the company co-sponsored the American Indian Chamber Education Fund (AICEF) Procurement Technical Assistance Center (PTAC), which provided expert technical capacity assistance to 158 active American Indian-owned businesses and tribal enterprises. Through the 24 AICEF workshops, training was provided to 1,538 American Indian business owners, tribal economic development personnel and their staff. The AICEF PTAC service assistance generated \$23.6 million worth of contracts for 2011, plus a five-year contract as a joint venture between a tribal enterprise and individual American Indian-owned businesses valued at \$47.5 million.

SCE’s activities at the American Indian Chamber of Commerce of California (AICCC) Expo resulted in new contracts in 2011. From this expo, the company also recruited several businesses to participate in its capacity building programs – Turner School of Construction Management and SCESU.

By attending an AICCC event, SCE discovered a Native American-owned firm that specializes in environmental services, including radioactive waste management and hazardous site remediation. The company was awarded a competitive bid contract, replacing a non-WMDVBE prime contractor in 2011, to work at the



The American Indian Chamber of Commerce of California's Commemorative Luncheon and Warrior Awards Presentation Event (l to r): Dennis Thurston, SCE; Cheri Myron, Sara Finseth, AICCC; Monica Heredia, AT&T; Yolanda Padilla, Sempra Energy; Ileana Winterhalter, AT&T; Lynn Valbuena, San Manuel Band of Mission Indians; Arnice Lamb, Walt Disney; Tracy Stanhoff, AICCC; and Richard Tom, SCE.

San Onofre Nuclear Generating Station. The contract not only helps SCE provide safe services to customers but resulted in significant savings over the previous contract. It also provided a boost to the local economy by the firm's hiring of 10 additional employees to service the contract.

SCE also sponsored and participated in the National Center for American Indian Enterprise Development (NCAIED) Council's Reservation Economic Summit and AICCC's American Indian Business Trade Fair.

SCE continued to support Walking Shield American Indian Society to promote initiatives enhancing educational opportunities for the local American Indian community.

Disabled Veteran Businesses

SCE continued with efforts targeted at increasing its spending with DVBEs. Those efforts included hosting one-on-one meetings to bring procurement agents together with DVBEs, leading to bidding opportunities, de-briefings, contracts, and participants in its capacity building programs.

Over the past six years, SCE has continued to sponsor the CPUC Joint Utilities' workshops on "SDVBE (Service Disabled Veteran Business Enterprises) Utilization Challenges and Opportunities." Working with other utilities, SCE developed an approach to increase the number of prospective DVBEs that can perform utility-related services. This sharing of information on firms currently doing business with them allowed the utilities to host more one-on-one meetings with procurement agents, prime contractors and subcontractors; develop a mentor-protégé program to help expand and strengthen businesses bidding on contracts; and better identify business capabilities contained in the Department of General Services' supplier database.

In SCE's leadership role assisting the National Elite SDVBE, the company worked closely with the group's California chapters, including San Diego, Riverside, Inland Empire, Los Angeles and San Francisco, and sponsored the kick-off of the newly established Orange County chapter. Today, the organization has more than 50 chapters in 38 states.

In 2011, SCE worked with DVBEs in several areas. One DVBE was awarded a multimillion dollar contract to provide office supplies to the company, with the firm offering significant savings over SCE's previous contract. Another DVBE in construction continued to expand its relationship with the company by securing additional SCE contracts valued at over \$4 million.

In recognition of these activities, SCE moved up in the rankings, from 83 to 63, in the *2012 Top 100 Military Friendly Employers*.

Despite these additional efforts and recognition, SCE's 2011 spend with DVBEs remained a challenge as it ended the year at 0.5%, similar to the previous year.

2011 Awards and Recognition

For its supplier diversity activities, SCE received numerous honors and awards, including:

- Asian Business Association of Orange County's Corporate Longevity of the Year Award
- *Asian Entrepreneur Magazine's* Corporate Advocate of the Year
- Black Business Association - Los Angeles' Majority Corporation of the Year
- Corporate Counsel Women of Color's Diversity Award of Excellence
- Greater Los Angeles African American Chamber of Commerce's Utility Company of the Year
- Latin Business Association's Advocate of the Year
- Moreno Valley Black Chamber of Commerce's Corporate Partner of the Year Award
- National Association for the Advancement of Colored People's Youth & College Division Awards
- National Association of Women Business Owners - Los Angeles Chapter's Leadership & Legacy Awards' Diversity Champion of the Year Award
- Orange County Black Chamber of Commerce's Corporation of the Year Award
- Regional Hispanic Chamber of Commerce's Corporate Leadership Award
- U.S. Hispanic Chamber of Commerce's Million Dollar Club
- U.S. Pan Asian American Chamber of Commerce's Corporation of the Year Award



SCE SVP and Chief Procurement Officer Cecil House (right) accepts the Diversity Champion of the Year Award from Jane Pak, executive director of National Association of Women Business Owners – Los Angeles Chapter, at the 25th Annual NAWBO-LA Leadership & Legacy Awards Luncheon.

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2)

WMDVBE Annual Results by Category						
2011						
			Direct	Sub	Total \$	%
1.	Minority Male	Asian Pacific	\$1116,606,405	\$21,190,307	\$137,796,712	3.3%
2.		African American	\$58,227,538	\$24,979,210	\$83,206,748	2.0%
3.		Latino	\$218,682,634	\$103,961,683	\$322,644,318	7.8%
4.		Native American	\$12,141,286	\$1,654,346	\$13,795,632	0.3%
5.		Other	\$58,291	\$0	\$58,291	0.0%
6.		Total Minority Male		\$405,716,155	\$151,785,546	\$557,501,701
7.	Minority Female	Asian Pacific	\$55,290,291	\$64,598,542	\$119,888,833	2.9%
8.		African American	\$91,789,183	\$1,616,762	\$93,405,945	2.3%
9.		Latino	\$46,406,063	\$9,757,040	\$56,163,103	1.4%
10.		Native American	\$13,415,076	\$3,710	\$13,418,786	0.3%
11.		Other	\$844,715	\$2,785,422	\$3,630,137	0.1%
12.		Total Minority Female		\$207,745,329	\$78,761,476	\$286,506,805
13.	Total Minority Business Enterprise (MBE)		\$613,461,483	\$230,547,022	\$844,008,506	20.3%
14.	Women Business Enterprise (WBE)		\$343,406,771	\$191,543,430	\$534,950,201	12.9%
15.	Subtotal Women, Minority Business Enterprise (MWBE)		\$956,868,255	\$422,090,452	\$1,378,958,707	33.2%
16.	Disabled Veteran Business Enterprise (DVBE)		\$13,757,485	\$6,197,101	\$19,954,5891	0.5%
17.	TOTAL WMDVBE		\$970,625,740	\$428,287,553	\$1,398,913,293	33.7%
18.	Net Procurement**		\$4,147,939,940			

**Note: Net Procurement includes purchase order, non-purchase order, and credit card dollars.

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2)

WMDVBE Annual Results by Product and Service Categories									
				Products		Services		Total	
				\$	%	\$	%	\$	%
1.	Minority Male	Asian Pacific	Direct	\$34,872,400	2.9%	\$81,734,005	2.8%	\$116,606,405	2.8%
2.		African American	Direct	\$27,546,050	2.3%	\$30,681,488	1.0%	\$58,227,538	1.4%
3.		Latino	Direct	\$51,967,368	4.3%	\$166,715,267	5.7%	\$218,682,634	5.3%
4.		Native American	Direct	\$44,062	0.0%	\$12,097,224	0.4%	\$12,141,286	0.3%
5.		Other	Direct	\$0	0.0%	\$58,291	0.0%	\$58,291	0.0%
6.		Total Minority Male	Direct	\$114,429,881	9.4%	\$291,286,274	9.9%	\$405,716,155	9.8%
7.	Minority Female	Asian Pacific	Direct	\$1,744,009	0.1%	\$53,546,282	1.8%	\$55,290,291	1.3%
8.		African American	Direct	\$32,209	0.0%	\$91,756,975	3.1%	\$91,789,183	2.2%
9.		Latino	Direct	\$23,498,553	1.9%	\$22,907,510	0.8%	\$46,406,063	1.1%
10.		Native American	Direct	\$4,464	0.0%	\$13,410,612	0.5%	\$13,415,076	0.3%
11.		Other	Direct	\$101,750	0.0%	\$742,965	0.0%	\$844,715	0.0%
12.		Total Minority Female	Direct	\$25,380,985	2.1%	\$182,364,344	6.2%	\$207,745,329	5.0%
13.	Total Minority Business Enterprise (MBE)		Direct	\$139,810,865	11.5%	\$473,650,618	16.2%	\$613,461,483	14.8%
14.	Women Business Enterprise (WBE)		Direct	\$77,327,770	6.4%	\$266,079,001	9.1%	\$343,406,771	8.3%
15.	Total Women, Minority Business Enterprise (MWBE)		Direct	\$217,138,635	17.9%	\$739,729,619	25.2%	\$956,868,255	23.1%
16.	Disabled Veteran Business Enterprise (DVBE)		Direct	\$3,424,501	0.3%	\$10,332,985	0.4%	\$956,868,255	0.3%
17.	TOTAL WMDVBE		Direct	\$220,563,136	18.1%	\$750,062,604	25.6%	\$970,625,740	23.4%
18.	Net Procurement			\$4,147,939,940					
19.	Total Product Procurement**			\$1,215,353,857					
20.	Total Service Procurement**			\$2,932,586,082					
21.	Net Procurement**			\$4,147,939,940					

Percentage for "Products" expenditures are WMDVBE compared to "Total Product Procurement" expenditures.

Percentage for "Services" expenditures are WMDVBE compared to "Total Service Procurement" expenditures.

Percentage for "Total" expenditures are WMDVBE compared to "Net Procurement" expenditures.

**Note: Net Procurement includes purchase order, non-purchase order, and credit card dollars.

In 2011, SCE had procurement spend with 809 WMDVBES, of which 241 were new spend (new WMDVBES or WMDVBES with no spending in 2010).

With regards to GO 156 Annual Report section 9.1.2's new requirement to report WMDVBES with California workforce, the CPUC Supplier Clearinghouse's WMDVBE database does not presently include information on workforce location. In 2012, SCE will work with the joint utilities and the Clearinghouse to evaluate the feasibility of accurately capturing such information.

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2)

WMDVBE Procurement by Product and Service Categories									
				Products		Services		Total	
				\$	%	\$	%	\$	%
1.	Minority Male	Asian Pacific	Sub	\$485,206	0.0%	\$20,705,101	0.7%	\$21,190,307	0.5%
2.		African American	Sub	\$16,266,169	1.3%	\$8,713,041	0.3%	\$24,979,210	0.6%
3.		Latino	Sub	\$30,699,561	2.5%	\$73,262,123	2.5%	\$103,961,683	2.5%
4.		Native American	Sub	\$9,048	0.0%	\$1,645,298	0.1%	\$1,654,346	0.0%
5.		Other	Sub	\$0	0.0%	\$0	0.0%	\$0	0.0%
6.		Total Minority Male	Sub	\$47,459,984	3.9%	\$104,325,562	3.6%	\$151,785,546	3.7%
7.	Minority Female	Asian Pacific	Sub	\$57,395,539	4.7%	\$7,203,003	0.2%	\$64,598,542	1.6%
8.		African American	Sub	\$685,906	0.1%	\$930,856	0.0%	\$1,616,762	0.0%
9.		Latino	Sub	\$107,244	0.0%	\$9,649,796	0.3%	\$9,757,040	0.2%
10.		Native American	Sub	\$3,708	0.0%	\$2	0.0%	\$3,710	0.0%
11.		Other	Sub	\$0	0.0%	\$2,785,422	0.1%	\$2,785,422	0.1%
12.		Total Minority Female	Sub	\$58,192,397	4.8%	\$20,569,079	0.7%	\$78,761,476	1.9%
13.	Total Minority Business Enterprise (MBE)		Sub	\$105,652,381	8.7%	\$124,894,641	4.3%	\$230,547,022	5.6%
14.	Women Business Enterprise (WBE)		Sub	\$32,440,020	2.7%	\$159,103,410	5.4%	\$191,543,430	4.6%
15.	Total Women, Minority Business Enterprise (MWBE)		Sub	\$138,092,401	11.4%	\$159,103,410	5.4%	\$422,090,452	10.2%
16.	Disabled Veteran Business Enterprise (DVBE)		Sub	\$384,225	0.0%	\$5,812,876	0.2%	\$6,197,101	0.1%
17.	TOTAL WMDVBE		Sub	\$138,476,626	11.4%	\$164,916,286	5.6%	\$428,287,553	10.3%
18.	Net Procurement**			\$1,215,353,857		\$2,932,586,082		\$4,147,939,940	

**Note: Net Procurement includes purchase order, non-purchase order, and credit card dollars.

WMDVBE Procurement by Standard Industrial Classifications – Detail

SIC Category	Asian Pacific		African American		Latino		Native American		Other		Total Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Subtotal Women Minority Business Enterprise (WMBE)	Disabled Veterans Business Enterprise (DVBE)	Total WMDVBE	Total Dollars	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female							
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$							
07. Agricultural Services	\$ 0	\$ 0	\$ 0	\$ 1,723	\$ 8,401,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,401,862	\$ 1,723	\$ 8,403,584	\$ 13,067,988	\$ 21,471,572	\$ 0	\$ 21,471,572	\$ 85,278,390
	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 9.9%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 9.9%	% 0.0%	% 9.9%	% 15.3%	% 25.2%	% 0.0%	% 25.2%	%
15. General Business Contractors	\$ 9,353,329	\$ 4,048,832	\$ 2,488,631	\$ 102,822	\$ 68,466,193	\$ 852,313	\$ 1,845,002	\$ 6,753,452	\$ 0	\$ 0	\$ 82,153,155	\$ 11,757,419	\$ 93,910,575	\$ 58,284,459	\$ 152,195,034	\$ 6,446,721	\$ 158,641,755	\$ 319,941,382	
	% 2.9%	% 1.3%	% 0.8%	% 0.0%	% 21.4%	% 0.3%	% 2.1%	% 0.0%	% 0.0%	% 0.0%	% 25.7%	% 3.7%	% 29.4%	% 18.2%	% 47.6%	% 6.4%	% 49.6%	% 49.6%	%
16. Heavy Construction Other Than Building Constr	\$ 21,361,953	\$ 2,166,549	\$ 6,677,734	\$ 210,537	\$ 65,821,195	\$ 3,943,533	\$ 9,779,030	\$ 3,465,988	\$ 0	\$ 0	\$ 103,639,912	\$ 9,786,605	\$ 113,426,516	\$ 195,372,716	\$ 308,799,233	\$ 3,687,659	\$ 312,486,891	\$ 632,932,649	
	% 3.4%	% 0.3%	% 1.1%	% 0.0%	% 10.4%	% 0.6%	% 1.5%	% 0.5%	% 0.0%	% 0.0%	% 16.4%	% 1.5%	% 17.9%	% 30.9%	% 48.8%	% 0.6%	% 49.4%	% 49.4%	%
17. Special Trade Contractors	\$ 402,248	\$ 301,934	\$ 623,606	\$ 25,848	\$ 38,054,893	\$ 582,558	\$ 177,044	\$ 79,710	\$ 0	\$ 0	\$ 39,257,791	\$ 990,051	\$ 40,247,842	\$ 24,778,052	\$ 65,025,894	\$ 523,546	\$ 65,549,439	\$ 163,557,026	
	% 0.2%	% 0.2%	% 0.4%	% 0.0%	% 23.3%	% 0.4%	% 0.1%	% 0.0%	% 0.0%	% 0.0%	% 24.0%	% 0.6%	% 24.6%	% 15.1%	% 39.8%	% 0.3%	% 40.1%	% 40.1%	%
23. Apparel and Other Textile Products	\$ 0	\$ 57,816	\$ 1,215,792	\$ 667	\$ 261,072	\$ 773,941	\$ 0	\$ 393	\$ 0	\$ 0	\$ 1,476,865	\$ 832,816	\$ 2,309,681	\$ 921,013	\$ 3,230,693	\$ 51,180	\$ 3,281,874	\$ 4,191,103	
	% 0.0%	% 1.4%	% 29.0%	% 0.0%	% 6.2%	% 18.5%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 35.2%	% 19.9%	% 55.1%	% 22.0%	% 77.1%	% 1.2%	% 78.3%	% 78.3%	%
24. Lumber and Wood Products	\$ 1,418,074	\$ 0	\$ 173,600	\$ 0	\$ 20	\$ 2	\$ 0	\$ 3,708	\$ 0	\$ 0	\$ 1,591,694	\$ 3,709	\$ 1,595,403	\$ 4,655,864	\$ 6,251,268	\$ 16,223	\$ 6,257,490	\$ 17,696,428	
	% 8.0%	% 0.0%	% 1.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 9.0%	% 0.0%	% 26.3%	% 35.3%	% 0.2%	% 35.4%	% 35.4%	% 35.4%	%
25. Furniture and Fixtures	\$ 37,023	\$ 0	\$ 16,375	\$ 0	\$ 10,366	\$ 0	\$ 1,492	\$ 0	\$ 0	\$ 0	\$ 65,256	\$ 0	\$ 65,256	\$ 25,505,451	\$ 25,570,707	\$ 32,130	\$ 25,602,837	\$ 29,336,781	
	% 0.1%	% 0.0%	% 0.1%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.2%	% 0.0%	% 0.2%	% 86.9%	% 87.2%	% 0.1%	% 87.3%	% 87.3%	%
26. Paper and Allied Products	\$ 6,734	\$ 81,440	\$ 100,370	\$ 2	\$ 38,788	\$ 819,164	\$ 1	\$ 0	\$ 0	\$ 101,750	\$ 145,893	\$ 1,002,356	\$ 1,148,249	\$ 536,105	\$ 1,684,355	\$ 2,769	\$ 1,687,124	\$ 7,304,694	
	% 0.1%	% 1.1%	% 1.4%	% 0.0%	% 0.5%	% 11.2%	% 0.0%	% 0.0%	% 0.0%	% 1.4%	% 2.0%	% 13.7%	% 15.7%	% 7.3%	% 23.1%	% 0.0%	% 23.1%	% 23.1%	%
27. Printing and Publishing	\$ 57,584	\$ 151,526	\$ 9,805	\$ 1,715	\$ 0	\$ 311,660	\$ 0	\$ 26,777	\$ 0	\$ 0	\$ 67,389	\$ 491,677	\$ 559,067	\$ 157,474	\$ 716,541	\$ 16,942	\$ 733,483	\$ 5,025,822	
	% 1.1%	% 3.0%	% 0.2%	% 0.0%	% 0.0%	% 6.2%	% 0.0%	% 0.5%	% 0.0%	% 0.0%	% 1.3%	% 9.8%	% 11.1%	% 3.1%	% 14.3%	% 0.3%	% 14.6%	% 14.6%	%
28. Chemicals and Allied Products	\$ 0	\$ 14,056	\$ 1,139,363	\$ 0	\$ 288,571	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,427,934	\$ 14,056	\$ 1,441,991	\$ 907,892	\$ 2,349,882	\$ 4,502	\$ 2,354,384	\$ 4,452,311	
	% 0.0%	% 0.3%	% 25.6%	% 0.0%	% 6.5%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 32.1%	% 0.3%	% 20.4%	% 52.8%	% 0.1%	% 52.9%	% 52.9%	% 52.9%	%
29. Petroleum and Coal Products	\$ 0	\$ 0	\$ 9,822,240	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,822,240	\$ 0	\$ 9,822,240	\$ 288,672	\$ 10,110,913	\$ 0	\$ 10,110,913	\$ 29,353,055	
	% 0.0%	% 0.0%	% 33.5%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 33.5%	% 0.0%	% 33.5%	% 1.0%	% 34.4%	% 0.0%	% 34.4%	% 34.4%	%
30. Rubber and Miscellaneous Plastics Products	\$ 0	\$ 13,051	\$ 59,569	\$ 0	\$ 291,480	\$ 720,884	\$ 0	\$ 0	\$ 0	\$ 0	\$ 351,049	\$ 733,935	\$ 1,084,984	\$ 17,816	\$ 1,102,801	\$ 2,407	\$ 1,105,208	\$ 1,241,000	
	% 0.0%	% 1.1%	% 4.8%	% 0.0%	% 23.5%	% 58.1%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 28.3%	% 59.1%	% 87.4%	% 1.4%	% 88.9%	% 0.2%	% 89.1%	% 89.1%	%
32. Stone, Clay, and Glass Products	\$ 4,780	\$ 3,309	\$ 363,983	\$ 0	\$ 9,712,036	\$ 814,190	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,080,799	\$ 817,499	\$ 10,898,299	\$ 81,049	\$ 10,979,348	\$ 125,014	\$ 11,104,362	\$ 14,093,887	
	% 0.0%	% 0.0%	% 2.6%	% 0.0%	% 68.9%	% 5.8%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 71.5%	% 5.8%	% 77.3%	% 0.6%	% 77.9%	% 0.9%	% 78.8%	% 78.8%	%
33. Primary Metal Industries	\$ 40	\$ 56,481,714	\$ 21,817	\$ 0	\$ 4,579,026	\$ 26,705	\$ 1,586	\$ 0	\$ 0	\$ 0	\$ 4,602,471	\$ 56,508,419	\$ 61,110,890	\$ 5,246,695	\$ 66,357,585	\$ 12,882	\$ 66,370,467	\$ 182,189,170	
	% 0.0%	% 31.0%	% 0.0%	% 0.0%	% 2.5%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 2.5%	% 31.0%	% 33.5%	% 2.9%	% 36.4%	% 0.0%	% 36.4%	% 36.4%	%
34. Fabricated Metal Products	\$ 296,662	\$ 33,619	\$ 792,679	\$ 1,862	\$ 506,679	\$ 411,303	\$ 87	\$ 0	\$ 0	\$ 0	\$ 1,596,107	\$ 446,784	\$ 2,042,891	\$ 1,398,118	\$ 3,441,009	\$ 143,740	\$ 3,584,748	\$ 82,675,602	
	% 0.4%	% 0.0%	% 1.0%	% 0.0%	% 0.6%	% 0.5%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 1.9%	% 0.5%	% 2.5%	% 1.7%	% 4.2%	% 0.2%	% 4.3%	% 4.3%	%
35. Industrial Machinery and Equipment	\$ 18,683	\$ 996,957	\$ 3,213,132	\$ 0	\$ 2,802,973	\$ 88,045	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,034,788	\$ 1,085,002	\$ 7,119,790	\$ 1,334,273	\$ 8,454,063	\$ 262,332	\$ 8,716,395	\$ 21,433,046	
	% 0.1%	% 4.7%	% 15.0%	% 0.0%	% 13.1%	% 0.4%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 28.2%	% 5.1%	% 33.2%	% 6.2%	% 39.4%	% 1.2%	% 40.7%	% 40.7%	%
36. Electronic and Other Electric Equipment	\$ 20,231,768	\$ 780,489	\$ 8,145,194	\$ 0	\$ 29,029,627	\$ 19,359,871	\$ 13,452	\$ 0	\$ 0	\$ 0	\$ 54,420,040	\$ 20,140,359	\$ 74,500,399	\$ 23,053,462	\$ 97,613,861	\$ 173,247	\$ 97,787,108	\$ 374,683,016	
	% 5.4%	% 0.2%	% 2.2%	% 0.0%	% 6.9%	% 5.2%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 14.5%	% 5.4%	% 19.9%	% 6.2%	% 26.1%	% 0.0%	% 26.1%	% 26.1%	%
37. Transportation Equipment	\$ 0	\$ 0	\$ 3,479	\$ 0	\$ 2,340	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,819	\$ 0	\$ 5,819	\$ 254	\$ 6,073	\$ 34	\$ 6,108	\$ 267,755	
	% 0.0%	% 0.0%	% 1.3%	% 0.0%	% 0.9%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 2.2%	% 0.0%	% 2.2%	% 0.1%	% 2.3%	% 0.0%	% 2.3%	% 2.3%	%
38. Instruments and Related Products	\$ 811,147	\$ 428,288	\$ 1,063,275	\$ 670,119	\$ 1,657,148	\$ 369,496	\$ 2	\$ 0	\$ 0	\$ 0	\$ 3,531,572	\$ 1,467,902	\$ 4,999,474	\$ 15,202,059	\$ 20,201,533	\$ 41,836	\$ 20,243,369	\$ 198,869,734	
	% 0.4%	% 0.2%	% 0.5%	% 0.3%	% 0.8%	% 0.2%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 1.8%	% 0.7%	% 2.5%	% 7.6%	% 10.2%	% 0.0%	% 10.2%	% 10.2%	%
39. Miscellaneous Manufacturing Industries	\$ 0	\$ 0	\$ 115,234	\$ 0	\$ 36,331	\$ 577	\$ 0	\$ 0	\$ 0	\$ 0	\$ 151,565	\$ 577	\$ 152,142	\$ 45,589	\$ 197,731	\$ 4,694	\$ 202,425	\$ 590,966	
	% 0.0%	% 0.0%	% 19.5%	% 0.0%	% 6.1%	% 0.1%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 25.6%	% 0.1%	% 25.7%	% 7.7%	% 33.5%	% 0.8%	% 34.3%	% 34.3%	%
42. Trucking and Warehousing	\$ 8,130	\$ 0	\$ 0	\$ 16	\$ 118,617	\$ 9,614	\$ 0	\$ 0	\$ 0	\$ 0	\$ 126,746	\$ 9,630	\$ 136,376	\$ 4,014	\$ 140,391	\$ 700	\$ 141,091	\$ 9,762,595	
	% 0.1%	% 0.0%	% 0.0%	% 0.0%	% 1.2%	% 0.1%	% 0.0%	% 0.0%	% 0.0%	% 0.0%	% 1.3%	% 0.1%	% 1.4%	% 0.0%	% 1.4%	% 0.0%	% 1.4%	% 1.4%	%

WMDVBE Procurement by Standard Industrial Classifications – Detail

SIC Category		Asian Pacific		African American		Latino		Native American		Other		Total Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Subtotal Women Minority Business Enterprise (WMBE)	Disabled Veterans Business Enterprise (DVBVE)	Total WMDVBE	Total Dollars
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female						
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$						
45. Transportation By Air	\$	\$117,995	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$117,995	\$0	\$117,995	\$0	\$117,995	\$1,357,749
	%	8.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.7%	0.0%	8.7%	0.0%	8.7%	8.7%	
47. Transportation Services	\$	\$0	\$0	\$0	\$0	\$595,233	\$0	\$0	\$2	\$0	\$0	\$595,233	\$2	\$595,235	\$7,500	\$602,735	\$0	\$602,735	\$20,810,512
	%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%	2.9%	0.0%	2.9%	0.0%	2.9%	2.9%
48. Communications	\$	\$0	\$709,322	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$709,322	\$709,322	\$901,683	\$1,611,005	\$0	\$1,611,005	\$15,673,621
	%	0.0%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%	4.5%	5.8%	10.3%	0.0%	10.3%	10.3%
49. Electric, Gas, and Sanitary Services	\$	\$2,224,804	\$0	\$0	\$0	\$8,310,755	\$164,474	\$71,280	\$0	\$0	\$0	\$10,606,839	\$164,474	\$10,771,312	\$693,113	\$11,464,426	\$0	\$11,464,426	\$46,914,178
	%	4.7%	0.0%	0.0%	0.0%	17.7%	0.4%	0.2%	0.0%	0.0%	0.0%	22.6%	0.4%	23.0%	1.5%	24.4%	0.0%	24.4%	24.4%
50. Wholesale Trade-Durable Goods	\$	\$12,458,567	\$229,123	\$16,604,378	\$25,924	\$5,739,659	\$220,502	\$28,945	\$0	\$0	0	\$34,831,548	\$475,550	\$35,307,097	\$28,727,157	\$64,034,254	\$2,718,743	\$66,752,997	\$176,876,061
	%	7.0%	0.1%	9.4%	0.0%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	19.7%	0.3%	20.0%	16.2%	36.2%	1.5%	37.7%	37.7%
51. Wholesale Trade-Nondurable Goods	\$	\$74,130	\$19,685	\$761,626	\$19,541	\$216,513	\$1,118	\$7,545	\$4,071	\$0	\$0	\$1,059,815	\$44,415	\$1,104,230	\$1,777,360	\$2,881,590	\$222,347	\$3,103,938	\$15,280,957
	%	0.5%	0.1%	5.0%	0.1%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	6.9%	0.3%	7.2%	11.6%	18.9%	1.5%	20.3%	20.3%
52. Building Materials and Garden Supplies	\$	\$0	\$0	\$200,114	\$0	\$419	\$0	\$0	\$0	\$0	\$0	\$200,532	\$0	\$200,532	\$68,959	\$269,491	\$4,645	\$274,136	\$572,483
	%	0.0%	0.0%	35.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	35.0%	0.0%	35.0%	12.0%	47.1%	0.8%	47.9%	47.9%
55. Automotive Dealers & Gas Srvc Stns	\$	\$0	\$0	\$0	\$0	\$30,493,879	\$0	\$0	\$0	\$0	\$0	\$30,493,879	\$0	\$30,493,879	\$0	\$30,493,879	\$0	\$30,493,879	\$54,245,807
	%	0.0%	0.0%	0.0%	0.0%	56.2%	0.0%	0.0%	0.0%	0.0%	0.0%	56.2%	0.0%	56.2%	0.0%	56.2%	0.0%	56.2%	56.2%
58. Eating and Drinking Places	\$	\$0	\$364,977	\$554,720	\$0	\$0	\$710,419	\$0	\$0	\$0	\$0	\$554,720	\$1,076,396	\$1,630,116	\$13,080	\$1,643,196	\$0	\$1,643,196	\$3,563,534
	%	0.0%	10.2%	15.6%	0.0%	0.0%	19.9%	0.0%	0.0%	0.0%	0.0%	15.6%	30.2%	45.7%	0.4%	46.1%	0.0%	46.1%	46.1%
63. Insurance Carriers	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,504,447
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
65. Real Estate	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$58,829	\$58,829	\$0	\$58,829	\$279,922
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.0%	21.0%	0.0%	21.0%	21.0%
72. Personal Services	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,548,296
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
73. Business Services	\$	\$40,570,863	\$23,320,884	\$24,939,030	\$72,070,151	\$27,567,883	\$16,028,337	\$85,510	\$2,647,987	\$58,291	\$195,124	\$93,221,578	\$114,262,484	\$207,484,062	\$49,558,758	\$257,042,819	\$987,129	\$258,029,948	\$727,646,855
	%	5.6%	3.2%	3.4%	9.9%	3.8%	2.2%	0.0%	0.4%	0.0%	0.0%	12.8%	15.7%	28.5%	6.8%	35.3%	0.1%	35.5%	35.5%
75. Auto Repair, Services, and Parking	\$	\$0	\$1,069	\$0	\$0	\$134,116	\$527,680	\$0	\$0	\$0	\$310,809	\$134,116	\$839,558	\$973,674	\$211,557	\$1,185,231	\$0	\$1,185,231	\$4,870,869
	%	0.0%	0.0%	0.0%	0.0%	2.8%	10.8%	0.0%	0.0%	0.0%	6.4%	2.8%	17.2%	20.0%	4.3%	24.3%	0.0%	24.3%	24.3%
76. Miscellaneous Repair Services	\$	\$2,130	\$1,682	\$92,069	\$2,482	\$712,988	\$4,506	\$7,992	\$0	\$0	\$0	\$815,179	\$8,670	\$823,849	\$1,270,663	\$2,094,502	\$19,233	\$2,113,735	\$23,139,074
	%	0.0%	0.0%	0.4%	0.0%	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	3.5%	0.0%	3.6%	5.5%	9.1%	0.1%	9.1%	9.1%
78. Motion Pictures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,945	\$1,945	\$0	\$1,945	\$694,721
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.0%	0.3%	0.3%
79. Amusement and Recreation Services	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,125
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
80. Health Services	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$469,914	\$469,914	\$0	\$469,914	\$1,168,241
	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.2%	40.2%	0.0%	40.2%	40.2%
81. Legal Services	\$	\$1,978,935	\$1,129,663	\$85,239	\$8,323	\$1,715,444	\$489,460	\$0	\$0	\$0	\$0	\$3,779,617	\$1,627,446	\$5,407,064	\$214,492	\$5,621,556	\$289,785	\$5,911,341	\$36,564,676
	%	5.4%	3.1%	0.2%	0.0%	4.7%	1.3%	0.0%	0.0%	0.0%	0.0%	10.3%	4.5%	14.8%	0.6%	15.4%	0.8%	16.2%	16.2%
87. Engineering and Management Services	\$	\$26,361,135	\$28,552,848	\$3,923,695	\$20,264,213	\$20,078,211	\$8,932,753	\$1,776,665	\$436,697	\$0	\$3,022,454	\$52,139,705	\$61,208,966	\$113,348,671	\$80,116,183	\$193,464,853	\$4,174,147	\$197,639,000	\$828,341,395
	%	3.2%	3.4%	0.5%	2.4%	2.4%	1.1%	0.2%	0.1%	0.0%	0.4%	6.3%	7.4%	13.7%	9.7%	23.4%	0.5%	23.9%	23.9%

PROGRAM EXPENSES (9.1.3)

Expense Category	2011
Wages	\$749,745
Other Employee Expenses	\$208,864
Program Expenses	\$675,988
Reporting Expenses	\$14,007
Training	\$40,989
Consultants	\$305,541
Other	\$181,827
TOTAL	\$2,176,961

GOAL PROGRESS (9.1.4)

Category	Current Year Results	Current Year Goals
Minority Male	13.4%	10.0%
Minority Female	6.9%	5.0%
Minority Business Enterprise (MBE)	20.3%	15.0%
Women Business Enterprise (WBE)	12.9%	5.0%
Subtotal of Women, Minority Business Enterprise (WMBE)	33.2%	20.0%
Disabled Veteran Business Enterprise (DVBE)	0.5%	1.5%
TOTAL WMDVBE	33.7%	27.0%

GOAL PROGRESS

In 2011, SCE achieved 33.7% of its total procurement spending with woman-, minority-, and disabled veteran-owned business enterprises. Other highlights of the year include:

- Total spending with WMDVBEs reached nearly \$1.4 billion, an increase of more than \$294 million compared to the prior year spend of \$1.105 billion
- A 64.6% increase in diverse subcontractor spending over 2010
- Exceeded CPUC goal of 21.5%
- Surpassed its corporate goal of 27%

SCE's commitment to increased excellence and expanded opportunity will drive it to even greater accomplishments. The company's 2012 goal is to achieve 35% of total procurement spending with WMDVBEs.

Key to SCE's 2011 performance was increased collaboration by Supply Management and Supplier Diversity and Development staff with SCE business units.

SUBCONTRACTORS (9.1.5)

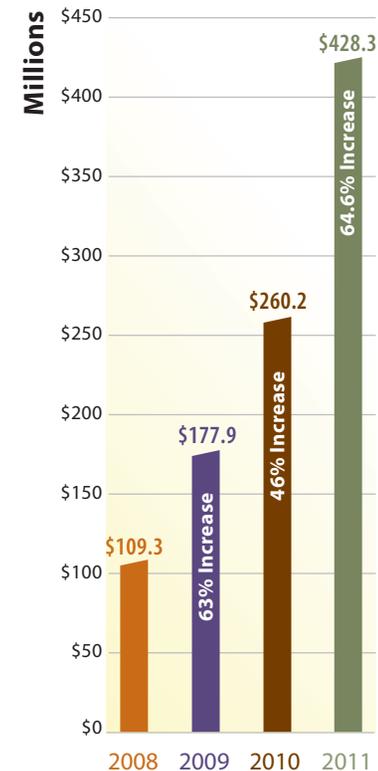
A Summary of Prime Contractor Utilization of WMDVBE Subcontractors							
	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Disabled Veterans Enterprise (DVBE)	TOTAL WMDVBE
Direct \$	\$405,716,155	\$207,745,329	\$613,461,483	\$343,406,771	\$956,868,255	\$13,757,485	\$970,625,740
Subcontracting \$	\$151,785,546	\$78,761,476	\$230,547,022	\$191,543,430	\$422,090,452	\$6,197,101	\$428,287,553
TOTAL \$	\$557,501,701	\$286,506,805	\$844,008,506	\$534,950,201	\$1,378,958,707	\$19,954,586	\$1,398,913,293
Direct %	9.8%	5.0%	14.8%	8.3%	23.1%	0.3%	23.4%
Subcontracting %	3.7%	1.9%	5.6%	4.6%	10.2%	0.1%	10.3%
TOTAL %	13.4%	6.9%	20.3%	12.9%	33.2%	0.5%	33.7%
Net Procurement	\$4,147,939,940						

Spending with diverse subcontractors grew to \$428.3 million, a 64.6% increase from 2010. This strong performance can be attributed to increased collaboration among prime suppliers, SCE business units, and Supply Management to create subcontracting opportunities with WMDVBEs.

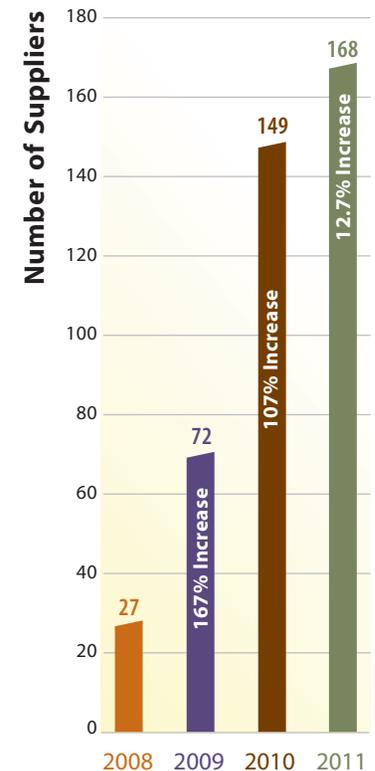
Subcontracting highlights include:

- Implementing a new WMDVBE Subcontracting Commitment form designed to capture annual commitment values over the life of the purchase order.
- Training procurement agents on the new WMDVBE commitment form and the Tier 2 reporting system to ensure accurate monitoring of prime suppliers' commitments.
- Establishing and implementing a Tier 2 commitment report to address missing WMDVBE subcontracting commitment.
- Training all prime suppliers with Tier 2 commitments on the Tier 2 reporting system.
- Completing a letter campaign to Tier 2 suppliers addressing disqualified WMDVBE spend.

Tier 2 Spend Increase



Prime Supplier Participation in Tier 2 Spending



SCE's activities in this area in 2011 included: requiring WMDVBE subcontracting plans on all contracts of \$250,000 or more (the commission's requirement is for \$500,000 and above), providing a more accessible reporting tool for prime suppliers through a web-based reporting system, having Supply Management and Supplier Diversity and Development work with prime contractors to ensure that all RFPs and final contracts contain WMDVBE subcontracting-commitment language, and requiring that all prime suppliers with high-value contracts report their subcontracting spending on a monthly basis.

To increase diverse subcontractors' participation, Supplier Diversity and Development and Supply Management, along with SCE business units, regularly emphasized to prime suppliers the importance of WMDVBE subcontracting and provided tools, such as the WMDVBE Directory and the Supplier Registration portal, to procurement agents as well as to prime suppliers to maximize WMDVBE subcontracting opportunities.

During 2011, SCE sponsored its first WMDVBE Symposium to help prime suppliers meet potential diverse subcontractors. At the event, WMDVBEs had the opportunity to meet Supply Management managers and procurement agents and network with SCE's largest prime suppliers.

Supply Management also worked with a prime supplier – a wire and cable manufacturer – to partner with a diverse supplier. The partnership resulted in a WMDVBE commitment in excess of \$21.7 million, or 64% of the total contract. Also, WMDVBE subcontracting spend for the TRTP - Chino Hills segment grew from nearly 3% in 2010 to nearly 48%, or \$32.7 million, and included crane work, construction, noise control blankets, and surveying.

Supply Management also implemented an incentive plan in which WMDVBE performance is one of the incentive categories. The goal of the plan is to increase overall contractor awareness of the importance of creating additional Tier 2 WMDVBE opportunities. In one situation, the group worked with a prime contractor whose initial projected WMDVBE spend was 35%. As a result of discussions with the contractor, the actual spend increased to 50%.

COMPLAINTS (9.1.6)

SCE did not receive any formal complaints in 2011.

WMDVBE SUPPLIERS IN LOW-UTILIZED AREAS (9.1.8)

While financial and legal services have traditionally been considered relatively low-utilized areas at California utilities, recent efforts by SCE and others show that this label is no longer warranted.

Financial Services

SCE Finance's efforts to increase business activity with diverse firms yielded positive results, with 2011 WMDVBE spend in financial services reaching a record 23%. Improved results in 2011 were attributable to direct efforts including communications with primary and diverse vendors, active participation in regulatory, legislative and industry conferences and forums, and advancing and cultivating greater awareness within the Finance organization. As a result, SCE continued its record of measurable procurement activity with WMDVBEs in various key business areas, including investment management, investment banking, commercial banking and consulting.

Investment Management

Investment management includes the procurement of financial services to meet the business requirements of SCE's trust investment portfolios. This includes hiring investment professionals to manage trust assets and related trust management and administrative services.

SCE's commitment to the utilization of WMDVBE investment managers has grown measurably from 2008 through 2011. While total assets under management have increased 37% during that period, assets managed by WMDVBE firms have increased by 76%. At year-end 2011, total SCE trust assets under management or committed to diverse investment managers were \$614 million, or 7% of total assets under management. SCE's consistent increase in its commitment to WMDVBE investment managers compares favorably to other California utilities and the industry in general. SCE assets under management by WMDVBEs in 2011 consisted of \$216 million among five firms for the pension fund, \$295 million

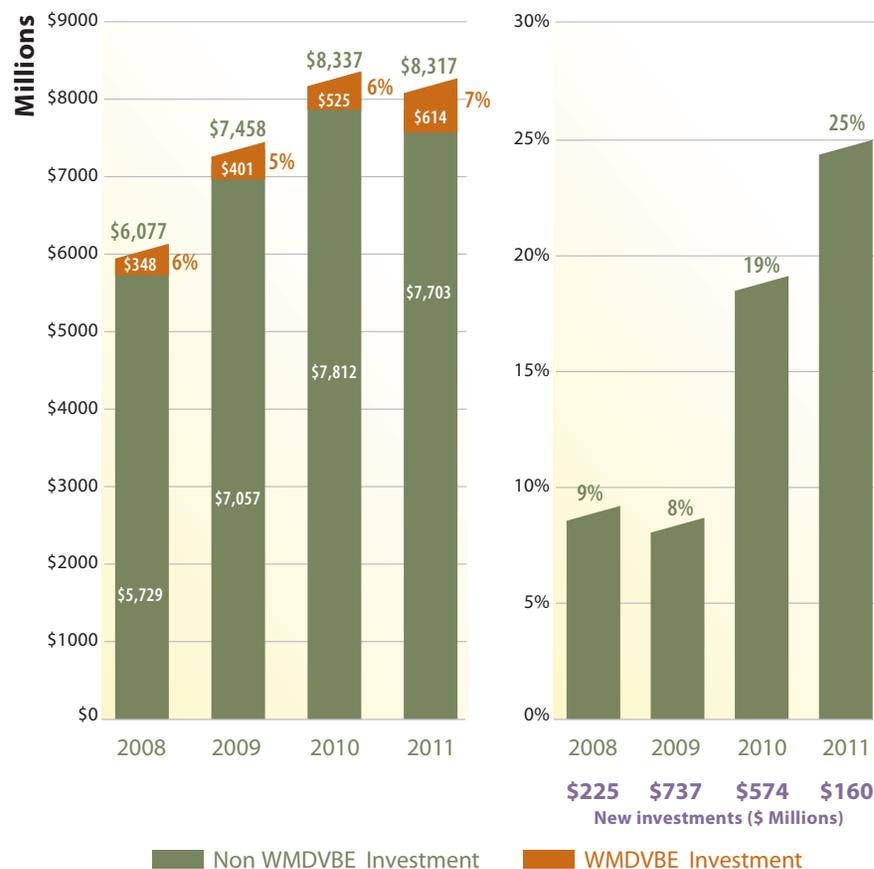
among four firms for the other benefit trusts (401(h) and VEBA), and \$103 million with one firm for the nuclear decommissioning trusts. SCE has also shown leadership and considerable progress in new funding commitments to WMDVBE firms. For 2011, a Los Angeles-based, women-owned firm was awarded 25% of SCE's new investment commitments.

In addition, SCE continued its pipeline activity of research and analysis on WMDVBE investment managers and included such firms in all investment manager searches, developing this discipline into a core standard business practice of the group. In fact, 34 of the 64 (48%) meetings in 2011 were with WMDVBE firms.

To reinforce the company's commitment to the use of diverse firms in the management and servicing of trust assets, SCE's investment managers are reminded annually about SCE's Supplier Diversity Program efforts. The investment managers are encouraged to execute trades through WMDVBE broker-dealers consistent with their "best execution" mandate in managing the SCE trust assets. As a result of these efforts, in 2011, commissions paid to WMDVBE brokers totaled \$342,000, or 16% of total commissions paid to all brokers. In addition, SCE solicits information on their utilization of WMDVBEs in all RFPs submitted to potential service providers (money managers, trustees, etc.).

Total Assets Invested with WMDVBEs and % of Total Trust Investments

New Investment in WMDVBEs— % of Annual Total



Investment Banking

Investment banking includes the services related to the underwriting, sales and distribution, and secondary market liquidity of capital markets securities.

In 2011, SCE reached new milestones in its effort to increase the use of diverse investment banks. In each of SCE's four capital market transactions during the year, WMDVBE firms were appointed in lead- and co-manager positions, earning 25% of total fees. As a result, total fees paid to these eight diverse investment banks exceeded \$2 million, an increase of 110% from 2010. In addition, SCE completed a comprehensive review of its WMDVBE investment banking relationships to determine areas of expertise and capacity. This information has facilitated more informed decisions on the appointment of WMDVBE underwriters for SCE's financing transactions.

In December 2011, SCE expanded its WMDVBE relationships further by adding a minority-owned firm to SCE's vehicle and equipment fleet lease program. This new relationship is providing SCE with an additional source of funding for its equipment leasing needs.

Lastly, SCE was active in the commercial paper market in 2011 and issued \$2.1 billion of short-term securities through a WMDVBE dealer. This represented 20% of SCE's total short-term financing activity for the year.

SL Hare Capital:

GAINING NEW OPPORTUNITIES

For many diverse firms, an SCE contract has been known to open doors to new business opportunities. For Syngon Hare, chairman and CEO of SL Hare Capital, Inc., an investment banking firm, it has allowed him to facilitate financial transactions and conduct business in Saudi Arabia, Swaziland, and Jordan – to name a few.



"My work with Edison has given me international exposure," says Hare, who started the firm in 2006 after working 18 years on Wall Street. "Once people see that you have managed SCE's financing and investing needs, it puts a seal of approval on your capabilities."

A few years ago, Hare met members of SCE's Finance team at a CPUC-sponsored program aimed at introducing diverse financial firms to investor-owned utilities. After several meetings, SL Hare Capital was selected to underwrite one of SCE's financings.

In the past three years, the African American- and disabled veteran-owned firm has participated in about \$1.4 billion of SCE's corporate debt offerings in addition to co-managing various other issuers' transactions totaling \$77 billion.

Being selected to handle SCE's financing and investing needs is not something Hare takes lightly.

"Edison could have picked from among 50 different investment banks to participate in their offerings, so it's an honor to be selected by them", says Hare, a U.S. Air Force Communications System Intelligence veteran.

He appreciates that his firm, which has 13 employees and offices in Los Angeles and Greenwich, Conn., had the opportunity to get in the door with SCE, but notes, "if you can't provide the services they want, they won't hire you. If you are a minority or a service-disabled veteran-owned firm and can help Edison meet their goals and provide a strong financial return to the company, then it's a win-win situation."

Pictured above: Syngon Hare, who owns SL Hare Capital, Inc., met members of SCE's Finance team at a CPUC-sponsored event aimed at introducing diverse firms to energy utilities. The company was soon selected to underwrite one of SCE's financings.

Commercial Banks

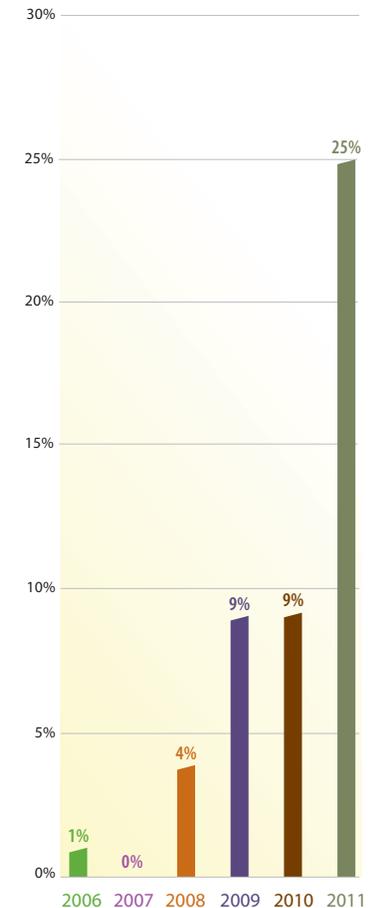
Commercial banking includes cash management and short-term investment services to meet SCE's daily operations and funding needs.

SCE continued its use of the Certificate of Deposit Account Registry Service (CDARS) network and invested a total of \$5 million with two WMDVBE banks. These two banks, in turn, reallocate those deposits to other minority and community banks, resulting in further deployment of those invested funds into local communities.

In addition, SCE continued its Money Market Insured Deposit Account Service (MMIDAS) investment with a WMDVBE bank. MMIDAS deposits are made with one commercial bank and then reallocated to eligible banks to maximize FDIC protection coverage, similar to the CDARS program. SCE has maintained a \$5 million MMIDAS deposit with a WMDVBE bank from April 2009 to the present.

SCE is taking several actions to further engage WMDVBE financial suppliers. For example, SCE evaluated and approved in January 2012 the use of a money market portal for short-term investments through an African American-owned investment firm. Also, SCE is working with a major commercial bank to develop a seminar for diverse suppliers to learn how small businesses can obtain and maintain credit.

Fees Paid to WMDVBE Underwriters (as % of total underwriting)



Fees paid to WMDVBEs

2006: \$105,000	2009: \$528,750
2007: \$0	2010: \$970,984
2008: \$464,000	2011: \$2,037,500

Consulting and Other Financial Services

SCE utilizes consultants and accounting firms in a variety of capacities, including supplementing the audit of its financial operations and providing other key services. For 2011, SCE continued to identify diverse business consultants and other experts/professionals in various financial service areas, including accounting, remittance processing, accounts payable, auditing, regulatory finance, general rate case, compliance, and business process/system reengineering.

Since 2002, SCE has retained a diverse accounting firm to audit the pension fund, and beginning in 2009, to prepare financial statements for its Nuclear Decommissioning Trusts. Additionally, SCE engages diverse firms to perform Sarbanes-Oxley compliance testing and a woman-owned consulting firm for various projects including regulatory proceedings.

In 2011, SCE continued to identify diverse consultants to assist with its tax compliance process. SCE anticipates an increase in the use of diverse firms in tax compliance and tax consulting services for 2012, resulting from its proactive outreach to educate potential diverse consultants on the WMDVBE qualification process.

Outreach/Pipeline Activities

Throughout the year, Finance staff proactively reached out to diverse service providers to educate them on the process of qualifying and participating in SCE's Supplier Diversity Program.

SCE Finance executives continued active participation with the California Utilities Diversity Council (CUDC), which was established to bring together executives from the state's electric, gas, cable, telecommunications, and water utilities to develop ways to actively use diverse suppliers in the financial services field.

SCE expanded its outreach program in the trust investment management area by participating in more conferences, seminars, and symposiums attended by WMDVBE investment managers. In 2011, Finance staff members testified at the joint informational hearing of the Senate Select Committee on Procurement

and the CPUC in Los Angeles, participated on panels at the RG & Associates Emerging Manager Conference and the Credit Suisse Emerging Manager Conference, and attended the Opal Financial Emerging Manager Conference. SCE also sponsored and participated in two panel discussions at the National Association of Securities Professionals' 22nd Annual Pensions and Financial Services Conference in Los Angeles.

In addition, the Finance organization continued to provide financial and leadership assistance to the Academy of Business Leadership (ABL), a non-profit organization offering business education to underserved high school youth. ABL's main program is the Summer Business Institute (SBI), a five-week course focused on business, finance, and entrepreneurial training offered at local leading universities. The program teaches students about finance and entrepreneurship and helps prepare them for college and future careers.

Since 1991, over 3,200 students have graduated from the SBI program. A follow-up program, Building Outstanding Leaders Today (BOLT), has provided mentoring for nearly 1,000 former SBI students since 2001. A recent survey of SBI graduates from the classes of 2004 through 2011 revealed that 100% graduated from high school, 86% enrolled in a four-year university and 14% attended a community college. These results are well above those for typical underserved youth.

ABL was established in 1991 through the vision and leadership of an SCE Finance employee. Since its inception, SCE has provided ABL with office space, supplies, budgetary support, and fundraising contacts. In addition, Finance employees give their time to ABL, serving as judges for business plan competitions and executive management access.

Since 2006, SCE's Finance organization, along with the Corporate Communications department, has supported the Verbum Dei High School Corporate Work Study Program through student mentoring and on-the-job work experience. Verbum Dei serves a very economically and educationally underserved area of Los Angeles, with an approximately 50%/50% Latino and African American student population. This program has succeeded in a 100% graduation rate among its participants, with over 70% of those going on to four-year colleges and universities.

Legal Services

In the area of legal services, SCE spent more than \$5.9 million with diverse firms, surpassing 2010's total. In the past five years, spending with minority law firms increased from 0.5% to 16.2%.

As in previous years, the Law Department focused its efforts on increasing the use of WMDVBEs in three key areas: minority-owned law firms, minority attorneys in majority-owned firms, and outreach and pipeline efforts.

Minority-Owned Law Firms

The department's use of minority-owned law firms has dramatically improved over the last several years. In 2011, department procurement with diverse firms totaled more than 16% of its overall legal spend. This increase can be attributed to a greater awareness to improve WMDVBE law firm use and a more focused effort to ensure diverse firms were properly certified and procurement expenditures were reported. Several certified law firms performed a significant amount of legal services for the company and, as a result, two were in the top 10 law firms in terms of revenue paid by SCE's Law Department.

Minority Attorneys in Majority-Owned Firms

Consistent with the CPUC's direction, SCE has been providing information on the contract dollars spent with major law firms for work performed by female, minority, and disabled veteran attorneys. This information includes both attorneys and paralegals. The major firms that provided data on the following charts represent eight of SCE's top 10 law firms in revenues paid (and are not certified WMDVBEs). As noted above, the top 10 law firms based on revenues paid by SCE's Law Department include two certified law firms, but the data on these firms are excluded from the chart. The information relating to the two certified law firms is included as part of SCE's WMDVBE percentage.

Outreach/Pipeline Efforts

To increase diversity in the legal profession, the Law Department sponsored and participated in a number of events and projects, including activities focused on increasing the number of diverse students who enter the educational pipeline to become attorneys.

The department remained involved in the StreetLaw program, which introduces students at three local high schools to the legal profession. SCE attorneys visited schools to teach one-hour sessions on a substantive area of law, such as sexual harassment, eminent domain, and media statements. Students were later invited to SCE's headquarters for an all-day workshop where they participated in exercises and scenarios focused on giving the students a feel for the type of work that attorneys do on a daily basis. SCE also holds an essay competition for the StreetLaw students. Each year, SCE awards three \$500 scholarships to students with the winning essays.

As SCE has done for the past six years, the company sponsored several attorneys in coaching middle school students in the Constitutional Rights Foundation's mock-trial program. The program involves students presenting a hypothetical criminal case that is judged by a panel of judges and attorneys. In 2011, four SCE attorneys volunteered three times a week at Monterey Highlands School, which is made up of 95% minorities, in preparation for the mock-trial competition.

SCE attorneys also participated in various mentoring programs, including one sponsored by the Leadership Council on Legal Diversity (LCLD) and another for the Wilson High School Law Academy. In the LCLD program, SCE attorneys mentor law students through all three years of law school. The Wilson High School mentoring program paired SCE attorneys with high school students from Wilson High School's Law Academy. Eight SCE attorneys participated as mentors through these programs.

In November 2011, SCE held an event for diverse outside counsel entitled "Getting Acquainted: Exploring Opportunities for Diverse Law Firms." CPUC Commissioner Catherine Sandoval was the keynote speaker, along with a brief introduction to SCE and panel discussions by SCE legal section managers and current SCE outside counsel. The event ended with a reception which allowed attendees to network with SCE attorneys. Over 50 law firms attended the event.

In addition, SCE continued to sponsor and fund a diversity scholarship for a first-year law student through the California Bar Foundation.

After assisting with its creation, SCE continues to be actively engaged in the LCLD. The LCLD is comprised of the general counsels of Fortune 500 companies and managing partners of the largest law firms in the country.

RECOGNITION

The Law Department was recognized for its supplier diversity efforts by Corporate Counsel Women of Color as the co-recipient of the organization’s 2011 Diversity Award of Excellence.

Southern California Edison Law Department – CPUC Outside Counsel Diversity				
Line No.				Total (\$)
Attorney time billed in 2011				
1.	All Male			\$14,618,514.88
2.	Minority Male		Asian Pacific Male	\$921,007.80
3.			African American Male	\$282,948.00
4.			Latino Male	\$1,136,721.97
5.			Native American Male	\$0.00
6.			Other	\$3,662.50
7.			Total Minority Male	\$2,344,340.27
8.	All Female			\$8,114,440.56
9.	Minority Female		Asian Pacific Female	\$1,594,528.50
10.			African American Female	\$260.00
11.			Latino Female	\$298,670.49
12.			Native American Female	\$0.00
13.			Other	\$0.00
14.			Total Minority Female	\$1,893,458.99
15.	Total Minority			\$4,237,799.26
16.	Non-Minority Female			\$6,220,981.57
17.	Disabled Veteran			\$0.00
18.	Total Minority, Non-Minority Female & Veterans			\$10,458,780.83

Southern California Edison Law Department—CPUC Outside Counsel Diversity				
Line No.				Total (\$)
Paralegal time billed in 2011				
1.	All Male			\$324,999.24
2.	Minority Male	Asian Pacific Male		\$8,729.60
3.		African American Male		\$337.50
4.		Latino Male		\$8,343.44
5.		Native American Male		\$0.00
6.		Other		\$0.00
7.		Total Minority Male		\$17,410.54
8.	All Female			\$383,934.82
9.	Minority Female	Asian Pacific Female		\$230.00
10.		African American Female		\$75,795.00
11.		Latino Female		\$1,840.00
12.		Native American Female		\$0.00
13.		Other		\$0.00
14.		Total Minority Female		\$77,865.00
15.		Total Minority		\$95,275.54
16.	Non-Minority Female			\$360,069.82
17.	Disabled Veteran			\$0.00
18.	Total Minority, Non-Minority Female & Veterans			\$401,345.36

SUMMARY OF PURCHASES IN PRODUCT AND SERVICE CATEGORIES INCLUDING RENEWABLE AND NON-RENEWABLE ENERGY, WIRELESS COMMUNICATIONS, BROADBAND, SMART GRID, AND RAIL PROJECTS (9.1.10)

Currently, SCE does not track these purchasing categories, but the company plans to develop a reporting system to do so and will work with the CPUC staff to develop a Summary of Purchases template to be used in its GO 156 annual report.

MESSAGE FROM SCE'S SENIOR VICE PRESIDENT AND CHIEF PROCUREMENT OFFICER

At SCE, we are proud of the successes of our Supplier Diversity Program in 2011, but we aren't satisfied. We are resolved to continue to drive innovative approaches and to consider diversity in the contracting decisions we make every day.

THE SPIRIT OF INNOVATION IN SUPPLIER DIVERSITY

In 2012, we will continue to expand our SCE Supplier University, which helps prepare woman-, minority- and disabled veteran-owned business enterprises (WMDVBEs) to extend their capabilities and compete more successfully. The 2012 Mentorship Program will soon be underway, with twice the number of participating businesses as our first class.

A new Trailblazer Program mirrors the Mentorship Program, providing opportunities for additional businesses. With the Super Stars alumni program, we are providing mentorship graduates with tools and access to networking opportunities to help them to continue to grow and thrive. We also continue to evolve our Demonstration Centers, which provide businesses with interactive learning in new and emerging SCE technologies, and our Targeted Capacity Building programs, which provide businesses with developmental support so they can expand their capabilities.

As you can see in some of the business profiles featured in this report, we have made progress in engaging more WMDVBEs in historically underutilized areas. However, there remains more work to be done; of particular note is our need in 2012 to identify additional contracting opportunities for disabled veteran businesses.

Diversity is woven into the fabric of our culture at SCE. It is not just the flavor of the day, but rather a key operating priority. As we press into 2012, we are dedicated to building a program that will deliver sustainable business value and supplier diversity performance through our strong relationships with WMDVBEs.

A handwritten signature in black ink, appearing to read 'Cecil R. House', with a long horizontal flourish extending to the right.

Cecil R. House, Senior Vice President and Chief Procurement Officer Southern California Edison

SCE's commitment to increased excellence and expanded opportunity will drive it to even greater accomplishments. The company's 2012 goal is to achieve 35% of total procurement spending with WMDVBEs.

SPEND WITH WMDVBE
SUBCONTRACTORS INCREASED
BY MORE THAN **64%**
OVER **2010.**



2011 WAS THE
SECOND CONSECUTIVE
YEAR SCE ACHIEVED OVER
\$1 billion
IN WMDVBE SPEND.

2012 ANNUAL PLAN

Goals (10.1.1)

WMDVBE Annual Short-, Mid- and Long-Term Goals														
PRODUCTS														
Short-Term (2012)					Mid-Term (2014)					Long-Term (2016)				
Minority		Minority Business	Women Business	Disabled Veterans Business	Minority		Minority Business	Women Business	Disabled Veterans Business	Minority		Minority Business	Women Business	Disabled Veterans Business
Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)
10%	5.0%	15.0%	5.0%	1.5%	10.0%	5.0%	15.0%	5.0%	1.5%	10.0%	5.0%	15.0%	5.0%	1.5%

SERVICES														
Short-Term (2012)					Mid-Term (2014)					Long-Term (2016)				
Minority		Minority Business	Women Business	Disabled Veterans Business	Minority		Minority Business	Women Business	Disabled Veterans Business	Minority		Minority Business	Women Business	Disabled Veterans Business
Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)
10%	5.0%	15.0%	5.0%	1.5%	10.0%	5.0%	15.0%	5.0%	1.5%	10.0%	5.0%	15.0%	5.0%	1.5%

PRODUCTS AND SERVICES														
Short-Term (2012)					Mid-Term (2014)					Long-Term (2016)				
Minority		Minority Business	Women Business	Disabled Veterans Business	Minority		Minority Business	Women Business	Disabled Veterans Business	Minority		Minority Business	Women Business	Disabled Veterans Business
Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)
10%	5.0%	15.0%	5.0%	1.5%	10.0%	5.0%	15.0%	5.0%	1.5%	10.0%	5.0%	15.0%	5.0%	1.5%

SCE is committed to achieving the CPUC goal as stated in GO 156. SCE is also committed to meeting the following short-, mid- and long-term goals:

Short-Term	Mid-Term	Long-Term
35.0%	37.0%	40.0%

PLANNED INTERNAL/EXTERNAL ACTIVITIES (10.1.2)

In 2012, SCE will continue to focus on targeted outreach programs, maintain innovative programs, such as SCESU, and help diverse businesses develop their capabilities to make them even more valuable to their customers, including SCE. As detailed on page 43, this will include a special focus on identifying and developing opportunities for DVBEs.

PLANNED INTERNAL ACTIVITIES

Planned internal efforts in 2012 will focus on building on the success of the pilot SCESU Mentorship Program by enhancing SCESU and related programs. Plans include:

- Mentorship Program – The next Mentorship Program class will begin in early 2012 and is expected to have 10 participants – double the number of participants in the first class.
- Trail Blazer – This new program mirrors the Mentorship Program, with the exception of executive education, and is planned to roll out in the second quarter of 2012.
- Super Stars Program – This program will provide Mentorship Program graduates with tools, access to exclusive alumni programs, and ongoing support from key SCE contacts for continued success in growing their business.
- Prime Time Program – This new mentoring program, in which larger prime suppliers mentor smaller WMDVBEs, is being developed through partnerships with Sodexo Magic, Val Shamrock, and Burns and McDonald.
- Capturing Additional Tier 2 Opportunities – Building on the success of 2011, SCE will continue its focus on opportunities to increase WMDVBE subcontracting spend through outreach to prime contractors and WMDVBEs. This will include facilitating introductory meetings between primes and WMDVBEs and education on the benefits of strategic alliances.

- Internal Alignment – Continue to align business units, Supply Management, and Supplier Diversity and Development to identify priority opportunities for increased WMDVBE participation, and develop and implement plans to address those opportunities.
- Enhanced Communications – Publish a quarterly newsletter to enhance outreach and communication of new and existing SCESU and related programs to WMDVBEs. This will help increase WMDVBE awareness of SCE programs and enhance SCE's engagement with community-based organizations and trade associations.



Mike Bauern, SCE Supplier Diversity (green shirt on right) and Chuck Bray, Bray & Associates (left of Bauern, with helmet) with SCE Supplier University program participants at the Tubular Steel Pole Demonstration Center Event in May 2011. SCE plans to host similar types of hands-on, technical/industrial application demonstration events to support emerging technologies.

PLANNED EXTERNAL ACTIVITIES

In 2012, the company will again provide WMDVBE organizations with guidance and support and continue to reach out to diverse businesses and educate them on SCE's Supplier Diversity Program and certification requirements.

The following are among SCE's planned activities:

- Partnering with other utilities to reach WMDVBEs in the renewable, natural gas and power industry and provide information and educate smaller diverse firms of RFO opportunities.
- Participating with the joint utilities to hold technical assistance workshops for WMDVBEs in coordination with the Small Business Administration (SBA) throughout Southern and Northern California and to implement the utilities' multi-tiered technical assistance and capacity building program.
- Collaborating with other investor-owned utilities to strategize and share best practices to increase WMDVBE participation. This will include partnering with other utilities in providing business education in the areas of technical assistance and capacity building, and providing other opportunities for WMDVBEs to meet with the utilities.
- Collaborating with WMDVBE organizations, ethnic chambers and trade associations in providing business education in the areas of technical assistance and capacity building, and offering other opportunities for WMDVBEs to meet with the utilities.
- Launching a new workshop for diverse firms with employees. Supplier Diversity and Development is collaborating with Human Resources on the workshop entitled "How to Coach Your Employees for Optimum Performance." It is aimed at helping diverse business owners build employee loyalty and reduce turnover. The workshop, which will be offered to WMDVBE employers at no cost, is scheduled to take place in March.

PLANNED OUTREACH

African American Businesses

In 2012, SCE will partner and support its African American strategic partners, including the Greater Los Angeles African American Chamber of Commerce, Black

Business Association of Los Angeles, California Black Chamber of Commerce, Orange County Black Chamber of Commerce and the Black Economic Council. In addition to SCE's annual support, funding will be directed towards business development programs to develop strategies that meet current and future procurement opportunities at the company.

Also, SCE has partnered with the Greater Los Angeles African American Chamber of Commerce's Business Evolution Program (BEP). BEP is designed to assist small businesses reach the next level of economic success by matching them with a major corporate partner, such as SCE. Also, In 2012, SCE will sponsor the U.S. Black Chamber of Commerce's School of Chamber Management, which promotes the growth, efficiency, and influence of minority chambers nationally through education, training and sharing industry best practices.

Asian Businesses

SCE will continue to take a leadership role and actively participate in the program planning committees of the following Asian business organizations' key events: Asian Business Association's (Los Angeles Chapter) Annual Awards Banquet, Small Business Exchange and Prime and Subcontractors Symposium; Asian Business Association of Orange County's Annual Awards Dinner and Procurement Conference; Chinese American Construction Professional's Annual Business Expo and Officer Installation Awards Dinner; Filipino American Chamber of Commerce of Orange County's Annual Green and Health Expo and Annual Awards Dinner; Global Federation of Chinese Business Women of Southern California's Officer Installation Dinner; and the U.S. Pan Asian American Chamber of Commerce's CelebrAsian Conference and Awards Dinner.



Walter Rhodes, SCE VP, Supply Management (center) participates in the ribbon cutting ceremony at the Asian Business Association of Orange County's 2011 Procurement Conference Event. Rhodes is next to Vilmer Villerverde, president of ABAOC, and Grace Whitcomb, diversity manager, SCE. Other members present were co-sponsors and guests.

SCE will also continue to serve on the corporate advisory councils/boards of these business organizations to provide support and guidance in the planning and development of their programs and services to meet their memberships' needs. Through these Asian business organizations, SCE will reach out to diverse business owners and promote procurement opportunities and business education/development programs available for their participation.

Latino Businesses

SCE will continue to take a leadership role in the Latino business community on national, state and local levels. On a national level, SCE will continue its membership in and support of the U.S. Hispanic Chamber of Commerce and serve on its Procurement Committee. On a state level, SCE will continue to be a strategic partner with the California Hispanic Chamber of Commerce and serve on its legislative and procurement committees. Locally, SCE will continue its support of regional and local Hispanic Chambers of Commerce, Latin Business Association, and Latin Business Chamber of Greater Los Angeles.

SCE will continue to serve on the boards of the Latin Business Association, Regional Hispanic Chamber of Commerce, and the Orange County Hispanic Chamber of Commerce.

Native American Businesses

SCE will continue its support of Native American business organizations, including the AICCC, and serve as co-chair to the Advisory Council for the organization.

The company will continue to invite procurement agents to chamber meetings to introduce them to tribal business owners for upcoming contracts and discuss the advantages of supporting the AICCC and the Native American business community. In addition, SCE plans to look to Native American businesses for new environmental, IT, construction, and solar contracts. The goal is to get as many Native American businesses as possible to participate in SCESU and Turner School of Construction Management.

SCE will once again sponsor and attend the National Center for American Indian Enterprise Development Council's Reservation Economic Summit and American Indian Business Trade Fair.

Disabled Veteran Businesses

Despite SCE's continued significant support and engagement with DVBE organizations and DVBE firms and a number of significant contracting successes with such firms, SCE's overall 2011 DVBE spend performance was a disappointment.

Going into 2012, achievement of the 1.5% DVBE spend goal is a top priority. To meet this goal, SCE Supplier Diversity and Development has developed a plan to partner with Supply Management and business units to increase DVBE spend.

A first step has been to evaluate – and, on an ongoing basis, re-evaluate – current contracting opportunities within each area of the company, with a specific focus on having qualified DVBEs compete for these opportunities whenever they are available.

Second, SCE is reaching out to DVBE organizations, as well as large purchasing organizations similar to SCE, to identify additional DVBEs that may be appropriate suppliers that SCE is unaware of. This ensures the largest pool of qualified DVBEs to compete for SCE opportunities. This DVBE supplier listing has been shared throughout Supply Management and will be updated periodically.

Third, DVBEs are being targeted for participation at all levels of SCESU, including the flagship Mentorship Program, as well as the post-bid debrief program, which has proven to be of great value in enhancing the success of small and WMDVBE supplier bids over time.

Fourth, SCE Supplier Diversity and Development will pursue discussions with DVBE organizations and DVBEs, as well as other large purchasing organizations, on best practices and other measures that SCE can apply take to increase DVBE spend consistent with SCE's procurement strategy.

Fifth, in evaluating major prime contracting bids, SCE is focusing on subcontracting spend commitments with DVBEs.

Finally, SCE Supplier Diversity and Development is tasked throughout the year to facilitate outreach opportunities where DVBEs can meet with SCE Supply Management personnel to exchange information on DVBE capabilities and SCE opportunities.

For example, as part of the CPUC Joint Utilities Technical Assistance Initiative, in early February 2012, SCE sponsored and participated in a Veterans Small Business

Expo in Long Beach in coordination with the Elite Service Disabled Veteran Network, SBA Small Business Development Center, Veteran Business Outreach Center, and several other organizations. Further, SCE Supplier Diversity and Development is facilitating individual meetings between DVBEs and SCE buyers and category managers.

SCE is cautiously optimistic that successful execution of this plan will demonstrate measurable progress in DVBE bidding opportunities and spend in 2012.

More broadly, in 2012, SCE will continue its leadership role with the Joint Utilities Committee on Disabled Veteran Business Enterprises Utilization Challenges and Opportunities to build on last year's accomplishments. The company will continue to support the National Elite SDVBE California chapters' monthly meetings, national conference, and Veteran's Day and national events. SCE will also continue to support the California DVBE Alliance and will expand its outreach to organizations such as the U.S. Army Corps of Engineers, Veteran Business Outreach Center, CalVet, and the Department of Veterans Affairs. In addition, as it has over the past six years, SCE plans to sponsor the CPUC Joint Utilities workshops on "SDVBE Utilization Challenges and Opportunities."



SCE participated in the Veterans Small Business Expo (l to r): Dennis Thurston, SCE; Nicole Groenberg, Bullseye Custom; Joe Finneran, Alton Builders, Inc.; Richard Tom, SCE; Correena Conley, Veterans Business Outreach Center; and AJ Wilson, Elite Service Disabled Veteran Owned Business Network.

Women-Owned Businesses

In addition to providing financial support and leadership guidance, SCE will continue to work with NAWBO chapters (Los Angeles, Orange County and Inland Empire) to help match their membership with business opportunities at the company and promote awareness of its WMDVBE outreach programs and services. SCE will also continue to educate NAWBO's membership on the benefits of certification as well as SCE's procurement policies and procedures.

SCE will partner with NAWBO-LA's PEAK Academy, 5-Year Strategic Plan, Financial Strategies and Innovative Leadership workshops, and its Supplier Readiness Certificate Program, which is aimed at developing women-owned businesses to become competitive suppliers through mock bid interviews and contract development activities.

Key WMDVBE Organizations and Events

Some of the anticipated key events in 2012 include:

- American Association of Blacks in Energy's 34th Annual National Conference
- American Indian Chamber of Commerce of California's Annual Business Expo and Awards Dinner
- Asian Business Association – Los Angeles Chapter's Annual Golf Tournament, Annual Awards Dinner, Business Expo with Matchmaking Event, and Asian Business Summit
- Asian Business Association – Orange County Chapter's PROCON and Asian Global Sourcing Conference, Annual Awards Recognition Dinner and Business Matchmaking Event with Mock Interview Sessions
- Asian Women Entrepreneurs' 8th Anniversary Celebration Luncheon
- Black Business Association's 9th Annual Procurement Exchange
- California Black Chamber of Commerce's African American Leadership Weekend
- California DVBE Alliance's Keep the Promise Expo
- California Governor & First Lady's Conference for Women
- California Hispanic Chambers of Commerce's Annual Legislative Day, Annual Convention and Business Workshops

- California Utilities Diversity Council Meetings
- Chinese American Construction Professionals' Business Expo, Scholarship & Annual Installation & Awards Dinner
- Council of Energy Resources Tribe's Conference & Dinner
- Edison Electric Institute's 29th Annual Supplier Diversity Conference
- Elite SDVOB Network, Elite Service Disabled Veterans-Owned Businesses – 9th Annual National Service-Disabled Event
- Filipino-American Chamber of Commerce of Orange County's 22nd Century Business Opportunity Day and Annual Awards Gala
- Global Federation of Chinese Business Women – Southern California Chapter's Installation Dinner and Business Workshops
- Greater Los Angeles African American Chamber of Commerce's 19th Annual Economic Awards Dinner
- India Trade Conference (co-sponsored by the Port of Los Angeles, Network of Indian Professionals, U.S. Commercial Service, and Quanta Consulting, Inc.)
- Latin Business Association's Annual Sol Business Awards Gala & Minority Women's Business Conference
- Latin Business Chamber of Greater Los Angeles' Annual Business Awards
- National Association of Women Business Owners – Inland Empire Chapter's Annual Amazing Women's Awards Dinner
- National Association of Women Business Owners – Los Angeles Chapter's Annual Legacy & Leadership Luncheon
- National Association of Women Business Owners – Los Angeles Chapter's PEAK Academy: 5-Year Strategic Plan, Financial Strategies and Innovative Leadership workshops
- National Association of Women Business Owners – Los Angeles Chapter's Supplier Readiness Certificate Program
- National Association of Women Business Owners – Orange County Chapter's Annual Remarkable Women Awards Dinner
- National Center for American Indian Enterprise Development's Reservation Economic Summit



SCECU 2010-2011 Mentorship Program participants and guests at the December 2011 graduation dinner (l to r): Jeff Skarvan, M&W Partners; Phil Ramos III, Philatron Wire and Cable; Rich Low, M&W Partners; Rob Morris, M&W Partners; David Cheng, Accord Engineering; Marilyn Bessler, Silverwood Energy; Walter Rhodes, SCE; Joe Bessler, Silverwood Energy; Ron Litzinger, SCE; Steven Bradford, State Assembly Member; Phil Ramos, Jr., Philatron Wire and Cable; Larry Kalantari, Carob Valley; Ed Chavez, Carob Valley; and Richard Tom, SCE.

- National Minority Supplier Development Council's Conference and Business Opportunity Fair
- Regional Hispanic Chamber of Commerce's Procurement Expo and Annual Awards Dinner
- San Diego Elite Disabled Veteran Business Enterprise Network's Veteran's Day Conference
- South Asian Business Alliance Network's Annual Recognition Awards Night and Business Conference
- Southern California Minority Business Development Council's 36th Annual Minority Business Opportunity Day
- United States Hispanic Chamber of Commerce's Legislative Conference and Annual Convention and Trade Show
- U.S. Pan Asian American Chamber of Commerce's CelebrAsian Business Opportunity Conference
- Women's Business Enterprise National Council's National Conference
- Women's Business Enterprise Council West's Annual Conference

RECRUITMENT PLANS FOR SUPPLIERS IN LOW-UTILIZED AREAS (10.1.3)

To increase the use of WMDVBEs in low-utilized areas, SCE will continue to:

- Employ public agencies, utilities, corporations, and trade organization databases as WMDVBE resources.
- Identify additional WMDVBE procurement spending opportunities in materials and services.
- Ensure inclusion of diverse suppliers during the procurement process where applicable.
- Participate in WMDVBE outreach events.
- Recruit, identify, and qualify WMDVBE consultants.

PLANNED SUBCONTRACTING ACTIVITIES (10.1.5)

SCE will continue to build on the momentum from 2011 to increase WMDVBE prime suppliers' participation and increase the use of diverse subcontractors. This includes:

- Partnering with prime suppliers to host supplier symposiums to expand Tier 2 spend opportunities.
- Implementing additional Tier 2 reporting tools and launching efforts to refine program processes necessary to provide key stakeholders value-added data or information and overall performance.
- Continuing the engagement of internal business partners to identify and execute on Tier 2 spend opportunities and minimize disqualified spend.
- Working with a prime supplier to increase WMDVBE spend for the TRTP in the areas of steel erection and assembly.

PROGRAM COMPLIANCE (10.1.6)

SCE is pleased with its overall WMDVBE performance in 2011, but not satisfied. Total procurement with woman-, minority-, and disabled veteran-owned businesses reached nearly \$1.4 billion, an increase of more than \$294 million compared to the prior year. Expenditures with diverse suppliers grew to 33.7%, up from 27.1% in 2010, and exceeding the CPUC's target of 21.5%.

Other achievements during the year include:

- 241 newly added diverse suppliers, representing more than \$122.2 million in WMDVBE spending.
- A 64.6% increase in spending with diverse Tier 2 suppliers.
- Increased spending with Native American firms by 42.4%.

For 2012, SCE intends to build on its 2011 success by focusing on targeted outreach programs, continuing to maintain innovative programs, such as SCESU, and helping diverse businesses develop their skills to make them more valuable to their customers, including SCE.

SCE will continue to expand its WMDVBE subcontracting program and seek additional opportunities to improve spending with diverse suppliers in low-utilized areas.

SCE's 2012 goal is to achieve 35% of total procurement spending with WMDVBEs. Through the foundations built over the last several years, new and innovative thinking, corporate-wide support and hard work, SCE will continue to advance its WMDVBE goal and establish diverse suppliers as part of its resources that help the company provide safe, reliable and affordable service to its customers.

2011 ANNUAL REPORT / 2012 ANNUAL PLAN—POWER PROCUREMENT AND FUELS FOR NON-GENERATION

2011 Annual Report – Power Procurement

INTERNAL/EXTERNAL ACTIVITIES (9.1.1)

In 2011, SCE's Power Procurement group conducted a survey to evaluate if any existing counterparties qualify and hold a WMDVBE certification in the areas of physical and financial power and fuel products. The results of the 2011 survey indicated there is a limited number of qualified WMDVBE entities in the energy markets within the existing framework and definition of GO 156.

Concurrently, SCE coordinated with staff from peer utilities at San Diego Gas & Electric Company and Pacific Gas & Electric Company on the expansion of the WMDVBE program, and in particular, the WMDVBE reporting mechanism. As a result of the collaboration among the three utilities and CPUC staff, the utilities crafted a reporting format and template to quantify purchases from WMDVBEs of wholesale energy products. The new format will provide a consistent report among the three utilities.

A noteworthy milestone for 2011 was the participation of a diverse supplier in the 2011 All-Source RFO Solicitation where SCE procures conventional power and capacity. Although the entity was not successful in executing a transaction at the conclusion of the solicitation, the company believes the firm's effort to submit offers and take part in the process was an important first step in SCE's goal of securing products from WMDVBEs in the future.

In addition, SCE reached out to WMDVBEs in connection with its 2011 Renewable RFP. Specifically, potential WMDVBEs in the area of renewable generation were notified of the launch of the 2011 Renewable RFP and were offered meetings with Grid Interconnection and Contract Origination groups. The purpose of the meetings was to educate interested WMDVBEs about interconnection and renewable contracting processes. Thirty-five WMDVBEs affirmatively responded to the invitation to the 2011 Renewable RFP Conference and 25 WMDVBEs signed up for the one-on-one meetings with the Renewable and Interconnection staff.

The company also modified all of its renewable pro forma contracts, as well as participant instructions, and solicitation materials to monitor WMDVBE participation in procurement activity on a going-forward basis.

Natural gas is another area where SCE looked to strengthen relationships with existing diverse fuel suppliers and established new relationships through negotiations of new enabling agreements with WMDVBEs. Staff completed additional enabling agreement negotiations with new WMDVBE suppliers in 2011. The executed agreements allow those WMDVBEs to sell physical natural gas to SCE if they are the most competitive offer.

Financial wherewithal continues to be one of the most significant hurdles for WMDVBE suppliers to overcome in today's stringent credit market. In commodity energy markets, it is standard practice to thoroughly review a prospective counterparty's financial condition and operational expertise to determine if they can perform under the terms and conditions of their enabling agreement (i.e., pledging collateral to an exposed party, non-performance). Most WMDVBE fuel suppliers lack the strong credit background or financials required by SCE to enter into long-term, fixed-priced transactions. To address this risk, SCE has developed an internal policy that would allow short-term transactions for natural gas with non-credit rated entities by limiting tenor, volume and delivery location. In addition, staff has initiated a process to develop a tri-party agreement that would allow WMDVBEs to enter into long-term transactions by leveraging the credit background of an established third-party supplier. The objective of the agreement is to provide performance and credit assurances for every transaction, thus protecting customers from financial risk.

Furthermore, the business model for new renewable generating facilities poses a significant hurdle for WMDVBEs. Renewable generating facilities rely on tax credit benefits as part of their economics. These tax credits are used to finance the project through tax equity investors. These investors take a majority equity interest in the project and are typically large publicly traded entities that have large amounts of tax liability. Thus, even some of the most well-known and experienced private developers do not have a majority equity interest in their project.

The other hurdle for WMDVBEs is providing competitive offers that meet the least-cost, best-fit criteria of the CPUC-approved Long-Term Procurement Plan (LTPP). Without regulatory approvals to accept offers outside this criteria, this presents a significant obstacle in going forward with WMDVBE suppliers.

Indicative of Power Procurement's commitment to achieving WMDVBE spend was its direct engagement of diverse suppliers in a dialogue on business opportunities in wholesale energy procurement in the December 2011 Power Procurement WMDVBE Outreach Workshop.

The agenda included an overview of the company's renewable, gas and power procurement activities, the regulations associated with them, as well as three concurrent breakout sessions to provide more in-depth details of each respective procurement area. Not only did these sessions provide a forum for specific questions and discussion for attendees, but it also afforded SCE staff an opportunity to

solicit feedback and creative thinking on ways to increase WMDVBE participation in power procurement. SCE's Supplier Diversity and Development staff were present to discuss the qualification and certification process for those who are new to the Supplier Diversity Program. The event ended with a reception, which allowed attendees an opportunity to network informally with the Power Procurement team. A follow-up survey to the event revealed extremely positive feedback from attendees.

More than 65 potential WMDVBE suppliers were in attendance, including CPUC Commissioner Timothy Simon. In his keynote speech, Commissioner Simon expressed the importance and significance to the communities that the investor-owned utilities serve of engaging with minority-, woman-, and disabled veteran-owned business enterprises in this particular niche of utility procurement.

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2)

A summary of the percentage of power purchased from WMDVBE suppliers in 2011 is provided on page 49.

PROGRAM EXPENSES (9.1.3)

See 2011 annual report, section 9.1.3 on page 28.

GOAL PROGRESS (9.1.4)

SCE follows the least-cost, best-fit principles of the CPUC-approved LTPP for wholesale procurement. In 2011, WMDVBE suppliers were not successful at providing least-cost offers for fuel procurement consistent with the LTPP.

SUBCONTRACTORS (9.1.5)

SCE did not do business with WMDVBE subcontractors for power or gas procurement in 2011.

COMPLAINTS (9.1.6)

SCE did not receive any formal complaints related to power procurement in 2011.

WMDVBE SUPPLIERS IN LOW-UTILIZED AREAS (9.1.8)

Power Procurement is recognized as a low-utilized area for diverse suppliers.

RETENTION OF ALL DOCUMENTS/DATA (9.1.9)

SCE will preserve all documents and data related to its WMDVBE annual report for a) three years or (b) the timeframe that is in compliance with SCE's internal document retention policy, whichever comes later. SCE will provide these documents and data to the commission upon request.

PARTICIPATION RESULTS BY FUEL CATEGORY (9.1.10A)

Participation results are illustrated on page 52.

MARKET CONDITIONS AND OUTREACH (9.1.10B)

Wholesale energy markets have historically been, and continue to be, considered volatile and require certain credit obligations to be met; thus making them somewhat more of a challenge for diverse suppliers to be engaged. In addition, SCE is bound by obligations set forth by the CPUC to procure its energy by a least-cost standard with minimum credit requirements. As a result, these requirements contribute to the challenges for WMDVBEs to compete and be successful in the power procurement markets.

SCE's outreach activities in the area of power procurement are summarized in section 9.1.1 on pages 47 and 48.

2012 Annual Plan – Power Procurement and Fuels for Non-Generation

GOALS (10.1.1)

SCE has not set WMDVBE goals for wholesale energy purchases because of the least-cost, best-fit principles of the LTPP.

PLANNED INTERNAL/EXTERNAL ACTIVITIES (10.1.2)

- An examination of internal credit policies and practices to determine the possibility of any alternatives by which SCE can encourage new transactions with WMDVBE suppliers.
- Early identification of any WMDVBE suppliers participating in gas, conventional and renewable solicitations for power and capacity.
- Continued outreach and identification of WMDVBEs within California, as well as in other markets across the country.
- Explore the possibility of hosting additional joint WMDVBE workshops for power and capacity products with fellow investor-owned power utilities.
- Create a tri-party agreement to allow WMDVBEs to leverage credit of an established supplier to conduct long-term transactions for physical natural gas.

- SCE installed some microturbines on Santa Catalina Island in late 2011 for a portion of the island's electric generation. In 2012, these microturbines will be fueled with liquefied petroleum gas (LPG).

RECRUITMENT PLANS FOR SUPPLIERS IN LOW-UTILIZED AREAS (10.1.3)

SCE is aware that this area of the commodities market (for electric generation) is a challenge to enter into for most WMDVBEs; however, the company is committed to identifying and working with any potential counterparties who have experience in wholesale energy, regardless of their location.

In 2012, SCE's Power Procurement group will continue reaching out to the market, including fellow investor-owned power utilities, to locate WMDVBEs doing business in California and will expand its search to WMDVBEs which might be marketing wholesale power in other parts of the country. SCE's goal is to locate WMDVBEs regardless of their physical location and business model, and foster new relationships with those suppliers that have been conducting business in other power markets, but haven't had the right incentive or opportunity to expand their portfolio into the California market.

SCE is committed to locating diverse suppliers, educating them on the industry, assisting them in the enabling process with the company, and exploring all avenues of doing wholesale energy-related business.

PLANNED SUBCONTRACTING ACTIVITIES (10.1.5)

SCE's current diesel supplier has a WMDVBE subcontracting commitment, and SCE anticipates that it will be able to allocate a portion of its spend for diesel for generation to WMDVBE suppliers going forward.

SCE will continue to encourage major contractors to identify opportunities to partner with WMDVBE subcontractors, where applicable.

Internally, Supplier Diversity and Development will continue to partner with Supply Management to increase utilization of WMDVBE subcontractors.

Externally, SCE will continue to encourage prime contractors to utilize WMDVBE contractors where there are subcontracting opportunities. Outreach efforts will include hosting a prime and WMDVBE subcontractor symposium and facilitating meetings between prime suppliers and WMDVBE subcontractors.

PROGRAM COMPLIANCE (10.1.6)

SCE intends to fully comply with WMDVBE program guidelines.

2011 Annual Report - Fuel Procurement for Non-Generation

INTERNAL/EXTERNAL ACTIVITIES (9.1.1)

SCE's Catalina Utility Operations

Santa Catalina Island is a unique SCE service territory in that SCE provides its over 3,400 residents and businesses with electricity, water and gas (in the form of LPG). Diesel generators are used to produce the bulk of electricity on Catalina. As to LPG, the bulk of SCE's LPG purchases in 2011 was to provide gas service to Catalina retail customers. SCE presently has a contract with a non-WMDVBE supplier for the LPG, resulting in low WMDVBE utilization. In the short term, SCE plans to work with the supplier to identify WMDVBE subcontracting opportunities. In the long term, SCE anticipates that it will offer qualified WMDVBE suppliers the opportunity to participate in the future contract bid.



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