



Southern
California
Gas Company

A  Sempra Energy utility®



Diverse Business Enterprises

2011 ANNUAL REPORT | 2012 ANNUAL PLAN

SCORING with New Opportunities

KEEPING SCORE

On SoCalGas' Supplier Diversity Program

SOUTHERN CALIFORNIA GAS COMPANY (SOCALGAS®) HAS MADE EXTRAORDINARY PROGRESS ON ITS DIVERSE BUSINESS ENTERPRISE (DBE) SPENDING IN RECENT YEARS AND WITH THE LAUNCH OF NEW INITIATIVES, SUCH AS THE SMALLER CONTRACTOR OPPORTUNITY REALIZATION EFFORT, OR SCORE, WE CAN EXPECT TO BUILD ON THIS MOMENTUM.

HERE ARE A FEW FACTS ABOUT OUR SUPPLIER DIVERSITY EFFORTS THAT WILL PROVIDE SOME INSIGHT INTO WHERE WE'VE BEEN AND WHERE WE HOPE TO TAKE OUR PROGRAM IN THE FUTURE.

- **Since 1987, procurement with diverse suppliers has grown from \$30 million to \$307 million.**
- **In the last five years, our total number of active DBEs increased from 263 to 451.**
- **Procurement with diverse businesses rose from 9.2 percent in 1987 to 38 percent in 2011.**
- **Nearly \$2.5 billion has been spent with diverse firms since 1987.**

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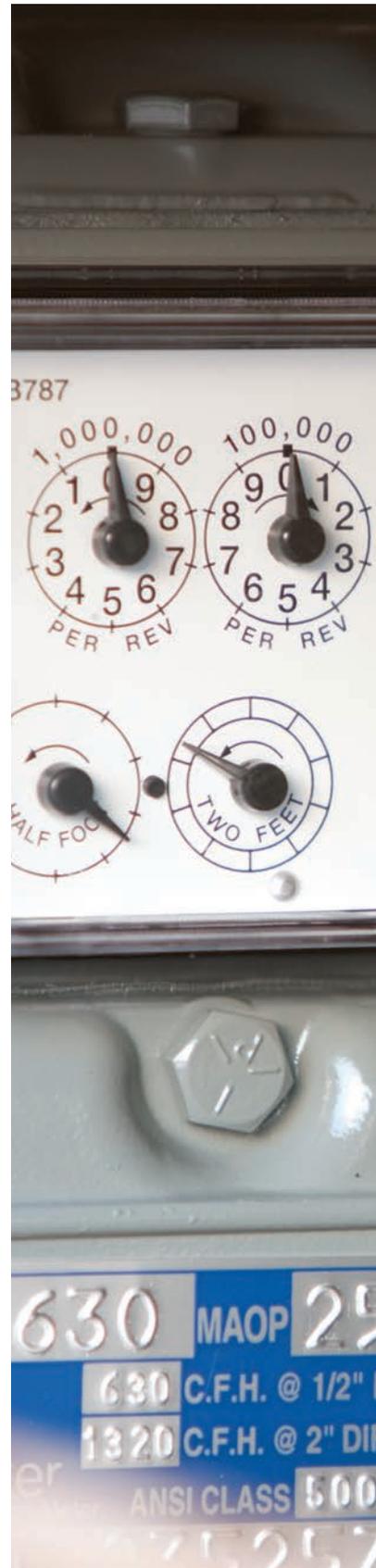
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SCORING with New Opportunities



Southern California Gas Company has a long history of supporting and engaging diverse business enterprises to do more business with us. Over the years, we have successfully implemented programs targeting DBE outreach, collaborated with various business and community-based organizations to identify qualified

DBEs, helped diverse firms develop skills so they can build capacity to take on larger contracts, and more.

While we have made significant progress in several areas, other areas have not been growing at the same levels. A candid discussion with a group of community members in February 2011 made us realize that despite our Supplier Diversity Program successes, there were still obstacles that prevented more DBEs from working with the company.

To remove these barriers, we launched our Smaller Contractor Opportunity Realization Effort, or SCORE – a multi-team approach to expand the pool of smaller diverse businesses in our supplier base. SCORE involves four teams focused on identifying procurement opportunities throughout the company and matching them with smaller DBEs, while also providing diverse firms with on-the-job mentoring and development.

Although SCORE only launched in mid-2011, we are excited about the results so far; the initiative has led to more than \$2.7 million in contracts with nine newly added diverse firms. Over the next year, we are targeting \$5 million in procurement spend with smaller contractors exclusively through SCORE.

But our activities in 2011 went beyond SCORE. We continued to set high standards for ourselves to achieve extraordinary results in DBE spending. These include:

- More than \$307 million in purchases with diverse firms, representing 38 percent of total purchases.
- Exceeding our internal target of 30 percent for DBE spending for the fourth consecutive year and surpassing the California Public Utilities Commission's (CPUC) goal of 21.5 percent for the 19th straight year.
- Growing our purchases with women minority business enterprises to an all-time high of \$48.8 million, up 27 percent over 2010.

While we are proud of these accomplishments, we acknowledge we still have much work to do. Through such initiatives as SCORE, our goal is to build on the successful foundation that we created in years' past, fully engage DBEs in our Supplier Diversity Program to take it to the next level, and create new opportunities for DBEs.

A handwritten signature in black ink that reads "Michael W. Allman". The signature is fluid and cursive, with a long horizontal line extending from the end.

Michael Allman

President and CEO, Southern California Gas Company

2011 ANNUAL REPORT

Executive Summary

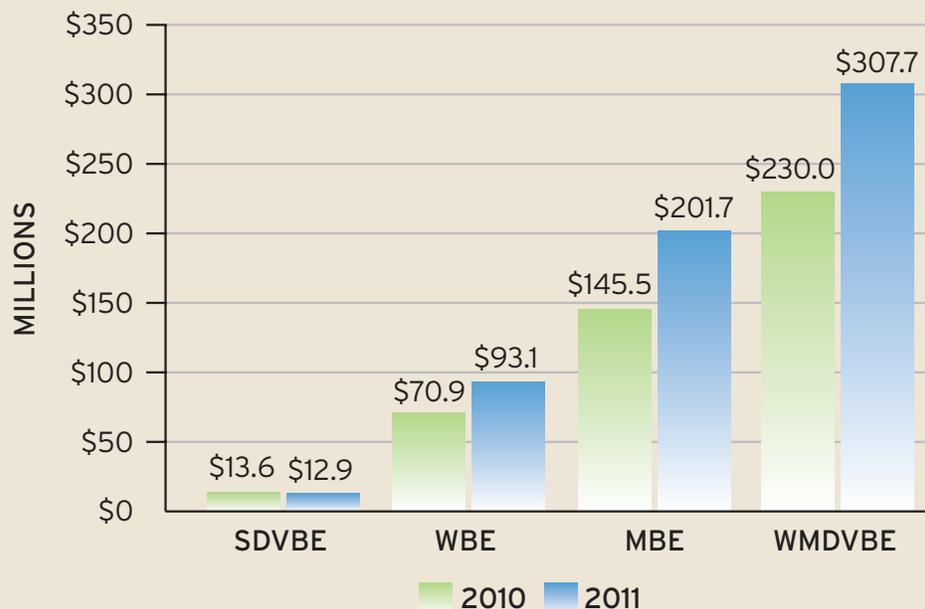
By all accounts, 2011 was another exceptional year for Southern California Gas Company in Diverse Business Enterprise (DBE) spending. The company purchased more than \$307 million worth of products and services from women-, minority-, and service-disabled veteran-owned business enterprises (WMDVBEs), representing 38.1 percent of total purchases and surpassing the California Public Utilities Commission's (CPUC) DBE spending goal of 21.5 percent. It was also the fourth consecutive year that SoCalGas exceeded its internal target of 30 percent for DBE spending.

All areas of DBE spending continued to be successful in 2011:

- Procurement with minority business enterprises (MBEs) totaled more than \$201 million in 2011, representing nearly 25 percent of total purchases, and exceeding the CPUC's goal of 15 percent for the 12th consecutive year.
- Our purchases with women business enterprises (WBEs) rose to \$93 million, comprising 11.5 percent of total 2011 expenditures. This is the 23rd consecutive year we surpassed the CPUC's goal of 5 percent in this area.
- We continued our commitment to service-disabled veteran-business enterprises (SDVBEs), spending \$12.9 million, representing 1.6 percent of total purchases. This was the second straight year we surpassed the CPUC's goal of 1.5 percent.
- Purchases with women minority-owned business enterprises (WMBEs) grew by 27.4 percent, or \$10.5 million, compared to 2010. Total spend reached \$48.8 million, or 6.1 percent of total purchases.

Our strong performance is a testament that supplier diversity is a companywide commitment by all employees, with executives, directors, and managers leading the way.

SoCalGas Spend 2010 vs. 2011 (\$)



2011 Highlights

During the year, we launched new initiatives, expanded programs, and sharpened our focus to engage more diverse firms into our Supplier Diversity Program. Here are a few highlights of our activities:

SCORE - We implemented the Smaller Contractor Opportunity Realization Effort (SCORE), which is a team-focused, multi-faceted approach, to expand the pool of smaller diverse businesses in our supplier base. Through the initiative, we created four teams: a cross-functional internal team (Tiger Team) to identify projects in core construction areas that could be competitively sourced to identified diverse suppliers; a policy team comprised of internal and external members to address potential roadblocks for smaller businesses; a communications team to enhance outreach and communication to smaller firms, and a team of internal managers to identify projects that could potentially provide opportunities for DBEs. These collaborative efforts resulted in more than \$2.7 million in contracts with nine newly added diverse firms.

Tiger Team - In addition to identifying projects in construction areas under SCORE, the Tiger Team worked with company project managers and prime suppliers to award contracts to smaller contractors. The team conducted pre-qualification meetings with smaller enterprises, determined the best fit for their abilities, made introductions to SoCalGas project managers, then followed up to ensure open communications.

Policy Team - The team analyzed barriers which hinder smaller businesses from working with SoCalGas. These included bonding, insurance, and financial requirements. The team reviewed policy and worked on outreach and education efforts to increase the ease of doing business with SoCalGas.

Communications Team - The team made efforts to enhance outreach targeting smaller

contractors. Activities included developing and distributing an electronic newsletter and soliciting potential contractors from community-based organizations.

Internal Managers

Team - Internal managers came together to identify projects that were already awarded to prime contractors but could potentially provide subcontracting opportunities for DBEs. The team was able to pinpoint several paving projects that were a good fit for SCORE.

Small Business Boot Camp - As part of the SCORE initiative, we launched a boot camp aimed at helping small DBEs grow their business. We held two, eight-hour workshops, which attracted more than 50 participants and covered such topics as how to do business with SoCalGas, financial planning, and the effective use of social media in business.

DBE Showcase - Five diverse construction firms were invited to our new DBE Showcase event to make presentations to 12 SoCalGas prime suppliers and our Operations and Supply Management departments. The event was successful in bringing together prime suppliers and DBEs for potential business opportunities.



SoCalGas Procurement Results

	YEAR 2011		YEAR 2010	
Total	\$807,102,988	-	\$614,558,665	-
Minority (MBE)	\$201,686,166	24.99%	\$145,505,661	23.68%
Women (WBE)	\$93,105,074	11.54%	\$70,885,903	11.53%
Service Disabled Veteran (SDVBE)	\$12,872,963	1.59%	\$13,566,774	2.21%
Total WMDVBE	\$307,663,914	38.12%	\$229,958,338	37.42%

Email Blast - Through our new newsletter, *Guiding Professional Suppliers*, SoCalGas shared tips and information to DBEs on topics ranging from certification to how to do business with utilities.

Matchmaking - SoCalGas teamed up with San Diego Gas & Electric (SDG&E®) and Southern California Edison (SCE) for a joint utilities matchmaking event in which our procurement managers met diverse business owners for potential contract opportunities. As a result of this particular event, three suppliers received contracts.

New DBE Prime Contractors - SoCalGas added 82 new diverse prime contractors, totaling more than \$21 million in new DBE spend, in such areas as engineering, weatherization, information technology, and construction.

Small and Micro-Business DBEs - Our increased outreach to small and micro-businesses, or firms with fewer than 10 employees, resulted in 32 new micro-business DBE contracts totaling \$16 million in expenditures. We also helped several new DBE micro-businesses obtain their CPUC certification.

Major Capital Projects - In 2011, our Advanced Meter project achieved 31.9 percent DBE participation. We were successful in areas ranging from consulting, staffing and communications to

Information Technology (IT) support. During the year, we also brought large and small firms together with the goal of creating subcontracting opportunities. The project involves retrofitting about six million natural gas meters with wireless communications modules beginning in mid-2012.

DBE Progress in Energy Efficiency - DBE spend in energy efficiency grew to \$73 million, up 32.4 percent over 2010. Over 60 percent of all purchases in this category were with diverse suppliers in 2011.

Technical Assistance and Supplier Development - We partnered with UCLA, USC, San Diego State University, and Northwestern Kellogg School of Management programs to help DBEs develop new skills and become more successful. Whether working with an internal program or outside organizations, our aim is to continue to help DBEs be better prepared to work not only with SoCalGas, but other entities as well.

Advertising and Marketing - In 2011, all four, or 100 percent, of our advertising agencies were DBEs, up from 66 percent in 2010. In addition, we signed first-time contracts with a marketing consultant and a bill inserts printer, and obtained a significant DBE subcontracting commitment for our market research/customer satisfaction tracking study.



Underutilized Areas - Our legal and finance teams remained relentless in identifying and expanding business opportunities with diverse firms. The following is a summary of their activities to increase DBE participation:

Legal - In 2011, SoCalGas achieved a record-breaking all-time high spend with DBE law firms. We spent \$2.9 million, a half million dollar increase from the prior year, which amounts to nearly 31.4 percent of total spend with DBE law firms. Despite our increase in spend, we experienced a 23 percent decrease in overall percentage due to fluctuation of cases and legal matters, associated with fire, wage and hour, and contractual terms of a franchise agreement. New opportunities were achieved by facilitating a partnership between a majority firm and a DBE firm to work on SoCalGas legal matters.

Finance - We spent \$1.3 million, or 11.4 percent, with diverse financial firms. Although our DBE dollars remained unchanged, we planted the seed for future growth. Successes were achieved in pension and trust investments and cost management services.

Pipeline Integrity - The Pipeline Integrity Program is a core focus for SoCalGas and our diligence in striving to increase our DBE spend in this area has been very successful. In fact, in 2011 our spend increased to more than \$15 million, up from \$5 million in 2010. Several WBEs were significant contributors to these stellar results, providing services such as on-call engineering and survey services, traffic control, and property ownership investigations.

Mentor-Protégé Program - We took an active role in mentoring two diverse businesses through Southern California Minority Business Development Council's (SCMBDC) Capacity Building Initiative. Our efforts in 2011 led to both firms securing SoCalGas contracts, totaling a combined amount of more than \$572,000.

Strategic Sourcing Initiative - As a result of our IT strategic sourcing initiative efforts, contracts with DBEs were signed and completed in 2011. IT spend with diverse firms increased from \$22 million in 2010 to \$27 million in 2011, an increase of over 23 percent.

Natural Gas Procurement - SoCalGas purchased more than \$281 million in natural gas purchases, or 13.8 percent, from diverse firms in 2011. We continued to make progress in expanding the number of diverse natural gas suppliers through enhanced personal outreach and supplier development activities.

DBE Prime Subcontracting - Due to our efforts to urge prime contractors to do more business with DBEs, subcontracting spend with diverse firms grew 45.8 percent from 2010, for a total spend in 2011 exceeding \$73 million. Areas of notable growth included pipeline construction, fleet vehicles, IT, and temporary services.

MyDBE - During the year, IT and Supplier Diversity staff collaborated on MyDBE, an internal custom dashboard geared at providing accurate and interactive DBE data to all employees. When fully launched in the first quarter of 2012, MyDBE will be an effective and timely tool to keep track of DBE spending.

Procurement Results

Total dollars spent on products and services with DBE suppliers in the last five years for SoCalGas:

2007	2008	2009	2010	2011
\$143,848,315	\$172,451,264	\$202,017,252	\$229,958,338	\$307,663,914
26.87%	31.06%	34.53%	37.42%	38.12%

Diverse Business Enterprise

For four consecutive years, SoCalGas has surpassed its internal goal of 30 percent DBE spending, and for the last 19 years, we have exceeded the CPUC goal of 21.5 percent. In 2011, 38.1 percent of total purchases were made with DBEs for a total of \$307.7 million.

The following tables provide figures for program activities and accomplishments with WMDVBES for calendar year 2011.

Diverse Business Enterprise 2007 to 2011 (\$ and %)



Minority Business Enterprises 2007 to 2011 (\$ and %)



Women Business Enterprises 2007 to 2011 (\$ and %)



Minority Business Enterprise

Purchases with MBEs totaled \$201.7 million in 2011, representing 25 percent of total purchases. Contracts were awarded to diverse firms in such areas as general construction, energy efficiency, paving services, and pipeline engineering.

- Our spend with an MBE providing cost-management services accounted for nearly \$724,000 and grew by 679 percent compared to 2010. The Supplier Diversity team recruited, coached, and introduced this MBE to internal department heads. When a service contract expired, the MBE was given a chance to participate and compete against other service providers, including some very large-scale majority firms.
- We hired an MBE investment manager to invest and manage \$75 million in global high-yield fixed-income assets. In 2010, we had no investments with diverse investment managers in the pension fund since 100 percent of the fund was invested passively (index funds).

Women Business Enterprise

Spending with WBEs rose to \$93.1 million, comprising 11.5 percent of total 2011 expenditures. Firms were awarded contracts in energy efficiency, consulting, gas construction, and gas materials.

- We increased our spend with a women-owned law firm specializing in workers compensation by 28 percent, or \$125,000.
- After years of developing a WBE dealership through small sales opportunities, this company won a competitive bid for light-duty vehicles that included 21 dealerships. As a result, this WBE was awarded a three-year contract. Dollars increased to \$2.9 million in 2011 compared to \$129,000 in 2010.
- Spending with a WBE environmental services firm expanded and accounted for nearly \$1.8 million in 2011, a 10 percent increase over 2010.
- For the first time ever, a WBE was awarded a contract for SoCalGas' general market advertising in 2010. As a result, we spent \$3.1 million in 2011 with this WBE ad agency.

'We are excited about our new partnership with a woman-owned advertising agency. They have brought a fresh and relevant approach to our communications effort.'

- Hal Snyder, SoCalGas Vice President, Customer Solutions

Service-Disabled Veteran Business Enterprises 2007 to 2011 (\$ and %)



Women Minority Business Enterprises 2007 to 2011 (\$ and %)



Service-Disabled Veteran Business Enterprise

In the last five years, we have made significant progress in our spend with SDVBEs, and have continued efforts to grow spending in this area. While we surpassed the CPUC's target goal of 1.5 percent, our 2011 results were affected by the reduction of construction projects, which impacted several SDVBE contractors. SoCalGas will continue to work with our business and community organizations to identify SDVBEs by mentoring and providing them with applicable technical assistance opportunities and ensure they are familiar with the company's bid process and requirements. Identified opportunities are in our facilities, IT, construction, and pipeline safety enhancement projects.

- An SDVBE was selected through a competitive bid process to provide Americans with Disabilities Act upgrades to SoCalGas' facilities. This opportunity enabled the firm to double its contracting dollars from last year.
- After years of working with SoCalGas, a longtime SDVBE engineering and construction firm won a contract for work in our storage field. This project helped to improve security access, which increased his business with us by 18 percent compared to 2010.

Women Minority Business Enterprise

In 2011, our purchases with WMBEs grew to an all-time high of \$48.8 million, an increase of 27.4 percent in spending over 2010. WMBEs have been a new area of focus and we have increased our spending with this category by \$43 million, or seven-fold, since 2006.

- We awarded a new contract to a WMBE manufacturing company to provide infrastructure protection products, resulting in over \$200,000 of spending.
- A WMBE weatherization company continues to expand and has successfully grown its revenue with SoCalGas by \$1.3 million, or 166 percent from 2010.
- A new WMBE was selected to provide specialized pipeline inspection services for our sewer lateral inspection program for a contract amount of nearly \$1 million.

9.1.1 DESCRIPTION OF WMDVBE PROGRAM ACTIVITIES

Internal Activities

Corporate Commitment/Executive Support

Our commitment to supplier diversity is deeply woven throughout the organization, from senior executives to directors and managers. The benefits of purchasing goods and services with diverse firms are ingrained in our corporate culture, with all employees understanding and valuing DBE spend. In fact, DBE results have been part of every management employee's incentive compensation since 2009.

New Departmental Organization

New Supplier Diversity team leadership and the addition of new team members brought fresh perspectives to our supplier diversity strategies. To create a strong foundation, new team members attended training at National Minority Supplier Development Council workshops to learn best practices, connect with counterparts nationwide, and establish new DBE opportunities.

In 2011, the Supplier Diversity department was also re-aligned to become part of SoCalGas' supply chain as opposed to a separately managed, standalone effort. This enables Supplier Diversity to be even more integral to our supply chain decision making by anchoring it into the process. While the groundwork was laid in 2011, the new organizational structure was officially instituted in early 2012. The benefits of efficiency and closer alignment to the supply chain are already apparent.

SCORE

SoCalGas has made it a common practice to initiate frank discussions with diverse business community members, which has had profound results on our Supplier Diversity Program.

An example is a meeting we held in February 2011 with diverse business groups to discuss how we could better work together. During the meeting, these representatives shared their candid, in-depth insight and analysis about roadblocks DBEs encounter in trying to do business with us.

Attendees at SCORE's first boot camp include (from left): Lily Otieno, Deborah Dyson and Vaughn Williams.



We appreciated this feedback because while we have made significant progress in DBE spending in some categories, other areas were not growing at the same levels. After listening to their concerns, we acted on what we heard, which resulted in the genesis for our new Smaller Contractor Opportunity Realization Effort, or SCORE.

SCORE takes an unprecedented team approach to identifying new projects in our core construction areas, addressing potential roadblocks and enhancing outreach, partnership and mentoring efforts. The initiative is comprised of four distinct teams. These include:

1. A cross-functional team, known as the Tiger Team, which is charged with identifying projects that can be completed by smaller diverse businesses. The team has members from Operations, Procurement and Supplier Diversity staff. During the year, they identified projects such as paving services, access road security improvements, meter guard construction, and drain projects.
2. A policy team, which was created to investigate the impediments to utilizing smaller businesses as primes and subcontractors with SoCalGas. The team includes Supplier Diversity, Operations and Procurement staff as well as diverse firms, representatives from community-based organizations, an assembly member staff representative and a CPUC staffer. The group identified bonding, insurance, and financial issues as potential barriers and is working on recommendations to make it even easier to work with the company.
3. A communications team was assembled to enhance outreach and communications targeting smaller contractors. The team launched the electronic newsletter, *Guiding Professional Suppliers*, which made its debut in 2011 and

will be distributed on a quarterly basis in 2012. Additionally, the team reached out to community-based organizations to provide names of their constituencies for specified SCORE projects.

4. An internal managers team was created to identify projects that were already awarded to prime suppliers but could potentially provide opportunities for DBEs. The team was able to identify several paving projects, which were a good fit for two SCORE contractors.

SCORE's focus is to identify opportunities throughout the company and match them with qualified smaller DBEs while also providing them on-the-job mentoring and development. Through the initiative, we offer competitive bidding contracts where we bring in like-sized companies and have them bid on projects.

'SCORE is a great example of the company working closely with DBEs to identify barriers and potential opportunities. I am proud of this work, which has increased contracting prospects for a number of DBEs while providing needed services for SoCalGas.'

- Bret Lane, SoCalGas Vice President, Field Services

One of SCORE's early successes involved a meter guard installation project. The Tiger Team created a pilot project for our Gas Infrastructure Protection Program with four prequalified companies. We were able to competitively bid the next phase of the project based on the pilot results. The companies involved in the pilot – as well as several other SCORE prequalified contractors – were also invited to bid on a Request for Proposal (RFP) for

ALAMEDA CONSTRUCTION SCORES WITH CONTRACTS

Kevin Ramsey still marvels at how a small asphalt paving job for SoCalGas led his firm, Alameda Construction Services, Inc., to a nearly \$1 million contract, on-the-job mentoring and assistance, and the opportunity to meet the utility's prime construction contractors to partner on future projects. And it all began with SoCalGas' SCORE initiative.

SCORE, which stands for Smaller Contractor Opportunity Realization Effort, is designed to increase spending with new, underutilized diverse suppliers in core construction areas. Under the program, these businesses are given the opportunity to obtain SoCalGas contracts under \$75,000 while also receiving guidance and business advice.



Kevin Ramsey, owner of Alameda Construction, was among the suppliers to benefit from SoCalGas' SCORE initiative.

Last summer, SoCalGas approached the African American-owned, Compton-based construction firm about a job patching up trenches and utility holes. After successfully completing the work, Alameda was invited to bid on a contract to install bollards, or steel poles,

to protect commercial gas meters as part of the utility's Gas Infrastructure Protection Program. Alameda was awarded the contract as a prime contractor in SoCalGas' Los Angeles and Orange County service areas.

"Our introduction to SoCalGas through SCORE allowed us the opportunity to bid on a larger contract, and as a result, we increased our sales by 20 percent in 2011," says Ramsey. In addition, through SCORE's Small Business Boot Camp, he received tips and information on how to do business with SoCalGas, the fundamentals of getting contracts, and more.

Following the day-long workshop, SoCalGas invited Ramsey and nine other DBEs to make a presentation to 10 of its prime construction suppliers, including pipeline, general and construction contractors, with the goal of getting future work as subcontractors.

"SoCalGas is really putting effort into finding small, diverse contractors to do work with them," Ramsey adds. "I know we can do more work – we're just looking for another opportunity."

work on meter guard installations. The contract, totaling more than \$1.9 million, was successfully awarded to three new contractors.

To help diverse suppliers increase their business acumen and grow capacity, we introduced our Small Business Boot Camp. The goal of our boot camp is to provide detailed information on how to become a supplier to SoCalGas and potentially other utilities and how to be competitive in the utility RFP process.

In the first year, we conducted two, eight-hour workshops, which attracted more than 50 DBEs. These events focused on educating potential suppliers about the basics of becoming a SoCalGas supplier, financial planning tips, RFP requirements, effective use of social media in business, and more. Ongoing follow-up quarterly teleconference meetings are held to discuss the effectiveness of the workshop tools.

We received overwhelmingly positive feedback from workshop participants, who were fully engaged in the curriculum. The boot camps were so well received that the DBE consultant who led them was asked to put on similar events for other utilities and community organizations.

One of the success stories from the first boot camp was an attendee who, on the advice of a Supplier Diversity team member, updated his capabilities statement and was later awarded a SoCalGas contract valued at more than \$20,000.

Under the SCORE initiative, we also offered DBEs information on upcoming bid opportunities and matchmaking events. Our successful joint matchmaking event with SDG&E and SCE resulted in contracts for several DBEs in attendance, including one of the construction contractors involved in the SCORE pilot project.

SoCalGas also took an innovative approach to matchmaking by creating the DBE Showcase.

We invited our prime pipeline construction suppliers to attend presentations given by five DBEs. The goal was to provide a more focused approach so DBEs would have an adequate amount of time to present their information, while also providing prime suppliers the opportunity to hear from targeted suppliers.

The DBE Showcase event, which emphasized the company's commitment to utilizing diverse firms, attracted 12 prime suppliers and staff from SoCalGas' Supply Management, Gas Operations, and Supplier Diversity departments. The feedback from both prime suppliers and DBEs was overwhelmingly positive.

In addition, we introduced a new electronic newsletter, *Guiding Professional Suppliers*, to increase awareness among DBEs on how to do business with SoCalGas. Sent in an email blast, the newsletter is another vehicle to provide information and educate potential suppliers about the basics of becoming a SoCalGas supplier. Future issues will provide notification of upcoming workshops as well as additional information to improve DBEs' chances of working with SoCalGas and other utilities.

Since SCORE's launch, we sourced contracts totaling more than \$2.7 million to nine new, small DBE contractors. Over the next year, we will target \$5 million in procurement spend with smaller contractors exclusively through SCORE, truly creating new opportunities for DBEs.

Ethnic/Community Media

During the year, SoCalGas met with representatives from our ethnic/community media outlets to discuss our upcoming communications strategies and the role they would play in formulating them. Our meetings reaffirmed our belief that ethnic/community media are very important and trusted mediums and valuable channels for company messages.

'We made great strides in 2011 in how we embrace and integrate local ethnic media into our communications. We developed a more comprehensive focus that aligns with our company values designed to ensure we are delivering relevant content through channels that support the communities we serve.'

- Hal Synder, SoCalGas Vice President,
Customer Solutions

After a productive discussion, we made changes to our ethnic media strategy to better reach our multicultural customers. For example, we took a look at upcoming communications campaigns and built in ethnic/community print wherever possible. From now on, we are evaluating and considering print campaign especially as it relates to topics such as safety and customer assistance.

SoCalGas also developed an internal tracking document to ensure ethnic/community print media is utilized evenly throughout our service area by region, language, ethnicity, and culture.

Our ethnic media budget for 2011 was almost one-third higher than 2010 levels and will now make up more than 40 percent of our total media budget. Our efforts show that by listening and collaborating, we are making significant changes to our already robust programs.

Internal Communications and Awareness

SoCalGas' strong commitment to diversity starts at the top with our executive team and throughout our organization. This commitment continues to reaffirm the value of diversity and inclusion, allowing us to draw on internal and

external resources, which translate into a richer variety of approaches in addressing challenges and enhancing business prospects. This belief supports our corporate Commitment to Diversity (see inside back cover).

In the spirit of SoCalGas' diversity commitment, our Supplier Diversity team was charged with providing educational opportunities for employees about the purpose and goals of the Supplier Diversity Program and supporting services. The team employed several tools to promote the use of DBEs and increase awareness of supplier diversity activities throughout the company. These included:

- **Employee Publications.** Feature articles about our Supplier Diversity Program appeared in internal employee publications, Sempra Energy's *Sempra News* and SoCalGas' *GasLines*.
- **Intranet Site.** Our website provided comprehensive information on our corporate supplier diversity goals, departmental results, commitments and progress to employees. In addition, the site offered information about available tools and services for working with and sourcing DBEs. Our reporting system allowed employees to run department-specific performance reports by supplier, department, cost center, and other categories of DBE spending.
- **Staff Meetings.** Our Supplier Diversity team initiated and attended various department staff meetings to discuss supplier diversity efforts, offering assistance, providing progress reports, and keeping program goals in front of employees and our leadership team.
- **Employee Diversity Council (EDC).** The EDC serves as a general resource for diversity in our

business areas. Comprised of 50-plus employees throughout the Sempra Energy companies, it is tasked with making recommendations on diversity issues that impact employees, customers and other stakeholders. During the year, the council was involved in creating several initiatives targeting diversity, including: "M Power," an internal mentoring program; a communications strategy; a website; and executive outreach.

- **Local Diversity Councils (LDC).** We are able to expand the reach and depth of our commitment to diversity through our LDCs. These six councils within SoCalGas increase employee awareness and sensitivity by hosting events celebrating cultural diversity, promoting inclusion of all employees, highlighting women's accomplishments in the workplace, and more.

Diversity Champions

For nearly two decades, SoCalGas and SDG&E have been celebrating employees' accomplishments in the areas of supplier diversity and employee diversity. In 2011, SoCalGas and SDG&E recognized 45 employees for their outstanding work in 2010 at our Diversity Champions luncheon in Los Angeles.

The employee "champions" were presented with awards for helping SoCalGas and SDG&E have the "best year ever" in 2010. All employees nominated for an award were invited to the luncheon. SoCalGas executives were on hand to present the awards, including Sempra Energy CEO Debbie Reed, SoCalGas CEO Michael Allman, and SDG&E CEO Jessie Knight. Also in attendance were the Honorable Gwen Moore and CPUC President Michael Peevey, who delivered the keynote address.



SoCalGas Supplier Diversity Advisor Michelle Chieks presents the Pinnacle Award to SoCalGas VP - Treasurer, Controller and CFO Bob Schlax

Technology and Tools

The Supplier Diversity department continues to enhance its tools to track and communicate DBE spending. On a monthly basis, each of our advisors uses tools to generate reports tracking DBE utilization and trends. They present the results to portfolio managers, directors and vice presidents in charge of key areas. On a monthly basis, Supplier Diversity advisors meet with portfolio managers and attend their staff meetings to stay on top of any potential challenges and opportunities.

In 2011, we upgraded online subcontracting reporting tools with increased functionality to provide improved visibility and enhanced reporting for our Supplier Diversity team, contracting agents, and clients.

MyDBE

During the year, SoCalGas completed work on MyDBE, an easy-to-use, graphical dashboard tool, which provides interactive spend information by department, portfolio, prime supplier and DBEs, including specific breakdowns according to the CPUC's General Order 156 tracked categories. This project was a collaboration of multiple departments, including IT, Supply Management and Supplier Diversity, and external experts. The MyDBE site is scheduled to be launched in the first quarter of 2012.

Supplier Diversity Team Services

Our Supplier Diversity team was instrumental in helping SoCalGas reach its supplier diversity goals by providing the following services:

- Developing annual business plans for DBE spending for each vice president
- Identifying and developing qualified diverse suppliers
- Participating in the company's strategic sourcing initiatives and processes
- Meeting with prime contractors and providing training on development of subcontracting plans and subsequently verifying those plans
- Working with diverse suppliers to address any performance gaps
- Encouraging and working with DBEs to obtain certifications/verifications

- Supporting diverse suppliers during internal and external meetings
- Promoting quality DBEs within the company
- Arranging face-to-face meetings with diverse suppliers, procurement agents and internal clients
- Providing internal clients with evaluations of potential diverse suppliers' capabilities
- Evaluating DBEs to determine readiness to participate in the procurement process
- Participating in the bid evaluation process
- Making presentations to business units on the Supplier Diversity Program
- Providing statistics on department/division goals and performance

- Helping to resolve problems involving diverse suppliers with contract requirements, performance and quality-of-service issues
- Reviewing and modifying DBE contract language

Our Supplier Diversity staff also trained new procurement contracting agents and educated new internal clients on the competitive advantages of working with diverse suppliers, reiterated the company's commitment to supplier diversity with key stakeholders, kept the DBE program in front of all business units and key stakeholders, promoted the value of doing business in the communities we serve, and provided Supplier Diversity Program information, including the reporting of current trends.



SoCalGas' Supplier Diversity team includes (from left): Rick Hobbs, Jacquelyn Pund, Yolanda Padilla, Gloria Mayol, Michelle Chieks, Andy Carrasco, Andrew Kwok, and Joe Chow.

External Activities

Capacity Building Initiative

SoCalGas has established internal mentoring and technical assistance programs and works with outside organizations to help high potential DBEs improve their business acumen and increase capacity. In 2008, we joined Southern California Minority Business Development Council's (SCMBDC) Capacity Building Initiative to grow MBE capacity through unique resources and one-on-one coaching.



SoCalGas participated in Southern California Minority Business Development Council's Capacity Building Initiative's kick-off luncheon. The initiative provides resources and coaching to help diverse firms grow capacity.

In 2011, SCMBDC kicked off its second Capacity Building Initiative class and SoCalGas began mentoring two new DBEs. One firm is in construction and the other is a business consultant, and in support of our SCORE initiative, both firms are small businesses. During the year, the Supplier Diversity team met individually with

the protégés on a monthly basis. The meetings were an opportunity to discuss the DBEs' specific needs and create a detailed plan of action mutually agreed upon by both parties.

The Supplier Diversity team worked with the two protégés – both of whom received a SoCalGas contract in 2011 – on business development, creating a two-minute “pitch,” and getting their finances in order. Other activities included providing introductions to key staff and educating the companies about SoCalGas' procurement process. Additionally, the two protégés had the opportunity to attend several events where they were introduced to SoCalGas executives, staff, and other procurement professionals.

Our work with DBEs allows us to remain cognizant of the challenges smaller companies face and to incorporate our ideas and solutions into the overall SCORE initiative. Through 2013, we will work individually with these protégés in a variety of ways, including providing introductions to internal buyers, decision makers and prime suppliers; offering advice in such areas as marketing; presenting educational opportunities that would expand their technical expertise; and more.

Mentoring High Potential Diverse Suppliers

We continued to identify high potential DBEs and provide mentoring and guidance to further increase their success. Many of these firms fit an emerging need and have had wide-ranging capabilities that exceed their market niche. Through mentoring, we helped DBEs develop new skills to increase their capacity, allowing them to take on larger contracts.

In 2011, the Supplier Diversity team worked closely with diverse, first-time prime suppliers to ensure their success with the company. Five firms participated in a pilot program through SCORE to install meter guards at locations throughout our territory. This project was a success on many levels as it: a) provided the opportunity for the Supplier Diversity team to begin a positive working relationship with the firms from the beginning, and b) allowed the firms to gain knowledge about our company, various departments, and corporate culture.

As the program progressed, the Supplier Diversity team facilitated meetings with suppliers and internal clients to ensure communication channels remained open. This proved to be extremely beneficial to all participants. Internal clients were able to provide positive as well as constructive feedback while suppliers were able to respond to questions and offer new and unique solutions. The feedback DBEs received could be applied to potential clients, including other utilities. In addition, the Supplier Diversity team used information from the meetings to prepare for future opportunities with new suppliers.

Supplier Development and Technical Assistance Programs

SoCalGas continued to focus efforts on incorporating new suppliers into our Supplier Diversity Program and expanding procurement opportunities for existing suppliers. To give promising suppliers the opportunity to work with us or expand their capacity, SoCalGas provided them with access to various educational technical assistance programs, which cover financial and general business topics.

SoCalGas invests in programs at USC, UCLA and San Diego State University to provide educational programs for promising DBEs ready to do business

with investor-owned utilities. To date, SoCalGas has spent a total of \$1.5 billion with UCLA Management Development for Entrepreneurs' graduates.

In these courses, DBEs are taught financial and general business acumen. General topics covered in these programs include managerial and financial accounting, planning and budgeting, understanding the financial perspective, operations improvement, managing and planning resources, and project management.



Dr. Alfred Osborne, Jr. (left) and Syed Adnan Hussaini at UCLA Management Development for Entrepreneurs' graduation.

SoCalGas also made a 2011 commitment to UCLA Anderson School of Management for the SDVBE Technical Assistance program, "Entrepreneurship Boot Camp for Veterans with Disabilities." The program is designed to help participants learn essential skills that will lead to successful careers in starting, growing and managing entrepreneurial ventures. Eight out of 10 attendees are currently providing products and/or services to SoCalGas. Attendees will graduate in February 2012 and

receive their mini-MBA certificate, along with a valuable business improvement plan that can be used for growth in their respective companies.

In addition, SoCalGas funded and partnered with community-based organizations that offered technical assistance programs. Most of these programs were geared for small or micro-businesses and covered such topics as fundamentals of successful small business ownership, planning and managing future business success, managing business performance, the importance of financial controls, understanding micro-business development, marketing, sales and service.

In 2011, technical assistance provided by Sempra Energy utilities (SoCalGas and SDG&E) totaled \$351,400, including funding to universities and community-based organization programs.

Expanding Technical Assistance in 2012

In 2011, SoCalGas issued a Request for Information (RFI) to organizations interested in developing unique technical assistance programs on SoCalGas' behalf and expects to issue an RFP in 2012.

Supplier Recognition

SoCalGas continued to put a spotlight on outstanding diverse suppliers by nominating them for local and national awards. In 2011, we nominated four DBEs for SCMBDC's Supplier of the Year awards and one of them received the Class II award. We were also a corporate sponsor of the awards luncheon.

CM DISTRIBUTORS OVER DELIVERS TO ACHIEVE RESULTS

Years before CM Distributors, Inc. won a contract with SoCalGas, its owners, Mary Ann "Bo" Czerwinski and Trudy Mangrum, took advantage of supplier development and assistance programs sponsored by the utility.



Before they were awarded a SoCalGas contract, Mary Ann "Bo" Czerwinski (left) and Trudy Mangrum took advantage of the company's educational opportunities

"We asked what we needed to do to get work with SoCalGas and they offered

us educational opportunities to improve our business capabilities," says Czerwinski, noting her materials-supply firm adopted one of the key messages from a class "to under promise and over deliver" as a company motto.

"We took advantage of these programs. Not only did we learn information that helped our business, but it also showed SoCalGas that we were committed to doing whatever we had to do to work with them," she adds.

In all, Czerwinski and Mangrum attended four supplier development and assistance programs, including the UCLA Management Development for Entrepreneurs, before landing their first SoCalGas contract for \$45,000 in 2008.

Since then, the women-owned firm based in Escondido has won several contracts worth about \$4 million to supply SoCalGas with pipe, valves, fittings and other materials. Contracts with the utility represented about 30 percent of CM Distributors' business in 2011.

Czerwinski says having SoCalGas as a client opened doors to other customers. "We have a higher stature with other potential clients due to our work with SoCalGas. We've also been able to gain access to manufacturers that probably wouldn't have paid attention to us in Escondido. The relationship with SoCalGas has allowed us to significantly expand our product line."

She adds, "If it wasn't for SoCalGas' educational opportunities and commitment to diverse business enterprises, we wouldn't be where we are today. Our success wouldn't have happened without the DBE program."



SoCalGas Vice President, Human Resources, Diversity and Inclusion Jimmie Cho (right) presents President Ron Garcia of Reliable Energy with SoCalGas' 2011 Supplier of the Year award.

Additionally, SoCalGas sponsored and actively participated in the following events: Asian Business Association's Los Angeles Awards, American Indian Chamber of Commerce's Awards and Heritage Lunch, Greater Los Angeles African American Chamber of Commerce Awards, Black Business Association's Utility Procurement Exchange Summit, Latin Business Association's Annual Awards and Women's Conference, SCMBDC's Minority Business Opportunity Day and Leadership Award Gala, National Association of Regulatory Utility Commissioners Utility Marketplace Access Partnership (NARUC UMAP) Awards, as well as other supplier recognition events.

These events provided excellent opportunities for SoCalGas to highlight extremely capable DBEs and provide them with exposure to potential contracting opportunities with other utilities and corporations.

DBE External Outreach

As part of our supplier development and outreach efforts, SoCalGas supported a wide range of organizations that contributed to the professional and economic development of diverse suppliers. Our activities included serving on corporate advisory boards and committees, holding leadership positions and participating in local, regional and national trade fairs and conferences. Both SoCalGas staff and executives participated in a number of CPUC events and activities throughout the year.



SoCalGas Chief Information Officer and Senior Vice President, Support Services Chris Baker speaks at a DBE matchmaking event.

2011 Awards

For our work with DBEs, Sempra Energy and Sempra Energy utilities (SoCalGas and SDG&E) received numerous awards and honors in 2011, including:

- American Indian Chamber - Eagle Thank You Award
- Asian Business Association (Los Angeles) - Corporate Appreciation Award
- Asian Business Association (San Diego) - Board Member of the Year
- California Black Chamber of Commerce Diversity and Procurement Outreach Award
- Latin Business Association - Chairman's Historical Corporation of the Year
- New Connections Champion of Diversity Corporate Leader Award
- San Diego Regional Minority Supplier Development Council - Development Award
- Sempra Energy named to the DiversityInc. Top 5 Regional Utilities
- Sempra Energy ranked No. 16 on Hispanic Business magazine's list of "Best Companies for Diversity"
- Sempra Energy received a 100 percent score on the Human Rights Campaign - Corporate Equality Index and named as one of the "Best Places to Work"
- Southern California Minority Business Development Council - Excellence in Supplier Diversity Award
- YWCA - Phenomenal Woman of the Year Award



Organizations Supported by SoCalGas in 2011*

- American Indian Chamber - Los Angeles*
- American Indian Chamber - San Diego*
- Asian Business Association - Los Angeles*
- Asian Business Association - Orange County*
- Asian Business Association - San Diego
- Asian Pacific Islander Small Business Program
- Black Business Association
- California Alliance Disabled Veteran Business Enterprise*
- California Asian Chamber of Commerce
- California Black Chamber of Commerce
- California Hispanic Chamber of Commerce
- California Small Business Association
- Chinese American Construction Professionals
- Elite SDVOB Network - Los Angeles*
- Elite SDVOB Network - San Diego
- Greater Los Angeles African American Chamber of Commerce
- Latin Business Association*
- Latino Business Chamber of Greater Los Angeles
- National Association of Women Business Owners - Los Angeles*
- National Association of Women Business Owners - San Diego
- National Council of Asian American Business
- National Latina Business Women Association*
- National Minority Supplier Development Council
- National Utility Diversity Council
- Southern California Minority Business Development Council*
- United States Hispanic Chamber of Commerce
- Women's Business Center of California
- Women's Business Enterprise Council West*

**Board position held by Supplier Diversity team representative*

2011 Outreach Events

- American Indian Chamber of Commerce Awards
- American Indian Chamber of Commerce Heritage Lunch
- American Indian Chamber of Commerce Luncheon and Warrior Awards
- American Indian Chamber of Commerce's EXPO - Building on Tradition for a New Tomorrow
- Asian Business Association Los Angeles - Annual Awards
- Asian Business Association Los Angeles - Meet the Buyer
- Asian Business Association Orange County - Procurement Convention
- Asian Business Association Past Presidents Private Reception
- Asian Business Association Small Business Exchange
- Asian Pacific American Legal Center Gala
- Asian Pacific Islander 11th Annual Small Business Expo
- Black Business Association Annual Awards

- Black Business Association - Women of Color Business Conference and Awards Luncheon
- Black Business Association of Moreno Valley - Madame CJ Walker Awards
- Black Business Contractors Conference
- Black Economic Council - Urban Economic Council Annual Event
- California Alliance DVBE - California Disabled Veteran Business Enterprises Conference - Keeping the Promise
- California Black Chamber of Commerce Annual Legislative Reception
- California Black Chamber of Commerce Annual Ron Brown Summit
- California Black Chamber of Commerce Regional Mixer
- California Hispanic Chamber of Commerce Annual Convention & Business Expo
- California Hispanic Chamber Workshop - Long Beach
- California Senator Curren Price-Senate Select Committee on Procurement
- California Utilities Diversity Council's Green Energy Summit - Sacramento
- Chief Financial Officer/ California Public Utilities Commission Outreach Events
- Chinese American Construction Professionals - Installation Dinner
- CPUC Diverse Advertising and Media Outreach Forum
- CPUC Diversity Reception - Legal
- CPUC En Banc Hearing
- CPUC Finance Symposium - San Francisco
- CPUC/Joint Utilities - California Disabled Veteran Business Enterprises Conference - Las Vegas
- CPUC Legal Supplier Diversity Symposium
- CPUC Small Business Expo - Burbank
- CPUC Small Business Expo - Stockton
- CPUC Small Business Expo and American Indian Chamber of Commerce Business Expo - Rancho Mirage
- CPUC Small Business Expo and Black Business Association Utilities Procurement Exchange Summit
- Elite Disabled Veteran Business Enterprises Conference
- Elite Disabled Veteran Business Enterprises Annual Pre-Veterans Day Event
- Environmental Forum: Climate Change & API Communities - Impact on Health, Green Jobs and Pacific Islands
- Greater Los Angeles African American Chamber of Commerce Annual Awards
- Latin Business Association Annual Awards
- Latin Business Association Women's Conference
- Latino Business Chamber of Greater Los Angeles/ *LA Business Journal* Awards Luncheon
- LDC Gas Forums - Rockies & West
- Mexican American Legal Defense & Education Foundation - Los Angeles Awards Gala
- National Asian American Coalition Annual Economic Development Conference
- National Asian American Coalition Micro Business Technical Assistance Workshop
- National Association of Minority Contractors' Southern California Region Annual Awards Dinner

FEEDBACK HELPS INSIGNIA ENVIRONMENTAL WITH RFPS

As president and founder of Insignia Environmental, which provides utility and energy companies with a broad range of environmental services, Anne Marie McGraw is accustomed to responding to numerous Requests for Proposals (RFPs).

But when McGraw puts together a proposal in response to an RFP for SoCalGas, she knows the utility will provide her with feedback that will be helpful for future proposals. "Whether or not we are awarded a contract, we always get a formal debriefing," she says, noting it covers "why we lost or why we won, and how we could be more competitive next time."

"SoCalGas does a really good job of telling us, 'Here are five points where you were strong and where you were weak.' They give us a much more thorough debriefing than other firms we work with," says McGraw, whose seven-year-old, 35-employee firm has offices in Palo Alto and Encinitas.



In the past four years, Anne Marie McGraw's firm, Insignia Environmental, has doubled its business with SoCalGas.

That feedback has helped the woman-owned firm secure several contracts with SoCalGas. It had its first job with the utility in 2007, performing biological-monitoring activities at a natural gas storage field in Northridge. That same year, Insignia won a larger, two-year contract to handle environmental permitting, construction monitoring and inspection on a 22-mile natural gas pipeline construction project in Imperial County.

In 2009, Insignia won a multi-year contract involving plans to convert a 66-mile existing petroleum pipeline into a natural gas line in the Mojave Desert. The company prepared the environmental studies and permit applications, provided SoCalGas crew- and supervisor-level environmental training and is conducting biological monitoring during construction activities.

"Having SoCalGas as a client has really helped us further demonstrate our capabilities," says McGraw, noting that her company has doubled its business with the utility in the past four years. "The experiences we've had with the company of taking a project from beginning to end has definitely helped us bolster our resume to get future work."

- National Association of Regulatory Utility Commissioners Utility Marketplace Access Partnership
- National Association of Securities Professionals - Annual Pension and Financial Services
- National Association of Women Business Association Awards Luncheon
- National Minority Supplier Development Council - Annual Conference
- Opportunity Green Business Conference
- Recycling Black Dollars Masters Series
- San Diego Regional Minority Supplier Development Council Annual Awards and Conference
- Sempra Energy Diverse Business Enterprises Annual Diversity Champions Awards Luncheon
- Southern California Economic Summit 2011 - Latino Coalition
- Southern California Minority Business Development Council's Minority Business Opportunity Day
- U.S. Hispanic Chamber of Commerce Annual Convention and Business Expo
- Utility Marketplace Access Partnership (UMAP)/ National Utilities Diversity Council (NUDC) Conferences Women Business Enterprises National Convention
- Women Business Enterprises National Convention
- Women Business Enterprises National Council - West Annual Conference

9.1.2 SUMMARY OF WMDVBE PURCHASES/CONTRACTS

Please refer to Chart Addendums A1-A7 on page 50.

In 2011, SoCalGas had a total number of 451 DBE suppliers, with 285 of those firms as prime

suppliers. We are unable to provide 2011 information on the number of WMDVBEs that have the majority of their workforce in California.

9.1.3 ITEMIZATION OF WMDVBE PROGRAM EXPENSE

The 2011 SoCalGas program expenses are listed below.

Expense Category	2011 Expenses In thousands
Wages	\$655
Other Employee Expenses	
Program Expenses ¹	\$565
Reporting Expenses ²	
Training Expenses	
Consultants ³	\$65
Other	
Total	\$1,285

¹Includes reporting and other employee expenses

²Included in Program Expenses

³Includes IT costs

Program expenses include CPUC Supplier Clearinghouse program costs, technical assistance, capacity building events, office support services, and other expenses.

9.1.4 DESCRIPTION OF PROGRESS IN MEETING OR EXCEEDING SET GOALS

By reaching our overall 2011 goal, we did not check the “mission accomplished” box and put the program in neutral, nor are we planning to coast through the next few years. Our success has made us even more determined to eliminate the road blocks that remain because we see that with innovation and dedication, we’ve been successful in setting new benchmarks year after year and scoring with new opportunities.

SoCalGas was successful in all areas of supplier diversity and, as a result, we were able to exceed our 2011 DBE goals. During the last five years, total DBE spending grew from \$144 million to over \$307 million.

Our purchases with MBEs totaled \$201.7 million, or nearly 25 percent. This represents a 1.3 percent increase compared to 2010. This is the 12th consecutive year we exceeded our 15 percent goal.

For the 23rd consecutive year, we exceeded our goals with WBEs, totaling \$93 million. WBEs represented 11.5 percent of all procurement and services purchased by SoCalGas in 2011.

We continued efforts to grow spending with SDVBEs. While we surpassed the CPUC’s target goal of 1.5 percent, our 2011 results were affected by the reduction of construction projects, which

impacted several SDVBE contractors. We are making this category spend a priority by working with our business and community organizations to identify SDVBEs. We are also alerting our internal departments and procurement staff to include SDVBE in bid opportunities in potential areas such as facilities, IT, and pipeline safety enhancement projects.

We will also work with SDVBEs in ensuring they are familiar with the company's bid process and requirements. SoCalGas has also taken a proactive approach with specific SDVBE community organizations and accepted a board leadership position, which will allow us to be

actively involved with their leadership and business members. Our SDVBE spend in 2011 totaled \$12.8 million, or 1.6 percent.

The table below illustrates CPUC goals and our corresponding results:

Category	SoCalGas 2011 Results	CPUC 2011 Goals
Minority Business Enterprise (MBE)	24.9%	15%
Women Business Enterprise (WBE)	11.5%	5%
Service-Disabled Veteran Business Enterprises (SDVBE)	1.6%	1.5%
Total WMDVBE	38.1%	21.5%

9.1.5 SUMMARY OF PRIME CONTRACTOR UTILIZATION OF WMDVBE SUBCONTRACTORS

2011 SoCalGas	Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women, Minority Business Enterprise (WMBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Total WMDVBE
Direct \$	\$108,810,948	\$38,699,000	\$147,509,948	\$74,744,632	\$222,254,580	\$11,567,227	\$233,821,807
Subcontracting \$	\$44,070,038	\$10,106,180	\$54,176,218	\$18,360,442	\$72,536,660	\$1,305,446	\$73,842,106
Total \$	\$152,880,986	\$48,805,180	\$201,686,166	\$93,105,074	\$294,791,240	\$12,872,673	\$307,663,913
Direct %	13.48%	4.79%	18.28%	9.26%	27.54%	1.43%	28.97%
Subcontracting %	5.46%	1.25%	6.71%	2.27%	8.99%	0.16%	9.15%
Total %	18.94%	6.05%	24.99%	11.54%	36.52%	1.59%	38.12%
Percentages may not equal total due to rounding							
Total Procurement	\$807,102,988						

Our efforts to grow the use of diverse subcontractors are paying off. We are actively working with prime suppliers – some of which are diverse firms – to increase their work with DBE subcontractors. Approximately 9.2 percent

of SoCalGas' 2011 DBE results are through subcontractors of our prime suppliers.

There are a number of steps we take to ensure our prime contractors understand how seriously we take their DBE subcontracting commitments.

WMDVBE Subcontracting 2007 to 2011 (\$ and %)



In fact, every issued RFP emphasizes our commitment to supplier diversity and encourages inclusion in bidding packages. We strengthened our standard contract language to be clear that failure to meet DBE goals subjects prime contractors to the same potential non-performance consequences as other key contract provisions.

We utilize DBE inclusion as part of our criteria for determining whom we select for contracts. Once contracts are finalized, we hold our prime suppliers responsible for reporting subcontracting results monthly through an automated process. We also hold contract owners and our Supplier Diversity staff accountable for monitoring the DBE results of prime contractors.

Our prime suppliers can attest that the motivation to subcontract to DBEs is no longer driven by obligations within our agreements. Many are realizing the value DBEs bring and its positive effect on their bottom line. As a result, we are seeing several of our suppliers initiate their own supplier diversity programs, using best practices they have learned from SoCalGas.

We continue to extensively audit our subcontracting spend by prime contractors to ensure proper reporting. This audit lets us know which prime suppliers

are not in compliance with DBE subcontracting, allowing us to target those with low DBE utilization.

As an example, our DBE plan achievement is a metric and a priority discussion point at the Supplier Relationship Management scorecard reviews with non-DBE primes. They each have targets and a discussion takes place at each review regarding DBE subcontracting percentage status, successes, and action plans.

To expand subcontracting opportunities for DBEs, we promoted work with prime contractors and helped them develop relationships with diverse suppliers for future projects. We participated in the following internal and external activities in 2011:

Internal Activities

- Developed business plans for each portfolio and line of business (with senior executive input)
- Participated in strategic sourcing activities and pre-bidder conferences to promote DBE inclusion
- Monitored prime contractor diverse supplier commitments to ensure compliance
- Created executive and manager strategy teams to focus on and promote DBE efforts, raise manager expectations, and develop stretch goals in emerging areas
- Circulated information on the skills, capabilities and project history of highly qualified diverse companies to internal clients
- Conducted follow-up meetings with procurement agents on contracts to determine subcontracting opportunities
- Conducted supplier site visits
- Made subcontracting plans part of the standard contract language
- Regularly marketed the subcontracting program to SoCalGas divisions/departments

- Promoted the use of diverse subcontractors to provide products and services to SoCalGas through informational meetings
- Continued to utilize detailed implementation strategies for both procurement agents and Supplier Diversity team to ensure diverse supplier participation throughout the contracting process
- Provided monthly updates of subcontracting results to Supply Management and SoCalGas management
- Worked closely with Supply Management staff on providing subcontracting objectives and expectations
- Conducted meetings with prime contractors which had low DBE utilization and SoCalGas senior management to continue to reinforce our company goals
- Attended pre-bid meetings and provided listings of diverse firms for prime suppliers' consideration for subcontracting activities
- Contacted non-verified DBE subcontractors and encouraged them to complete the verification process with the CPUC Clearinghouse
- Hosted and/or co-planned legal and financial outreach workshops for DBEs, thereby connecting suppliers with decision makers
- Met with prime suppliers to obtain DBE subcontracting activity reports

External Activities

- Helped develop subcontracting plans for prime suppliers with low DBE utilization
- Created a DBE Showcase event to provide opportunities for DBE suppliers to meet with internal decision makers as well as prime suppliers
- Promoted the DBE subcontracting program to prime suppliers and provided assistance on developing diverse firms' subcontracting plans
- Raised utility supplier diversity awareness nationwide by participating with the National Association of Regulatory Utility Commissioners (NARUC) Utility Marketplace Access Partnership (UMAP) and National Utility Diversity Council (NUDC)

9.1.6 LIST OF WMDVBE COMPLAINTS

Formal - There were no formal DBE complaints filed in 2011 with the CPUC.

Lawsuits - There were no DBE lawsuits filed in 2011.

9.1.7 SUMMARY OF PURCHASES/CONTRACTS FOR PRODUCTS/SERVICES IN EXCLUDED CATEGORIES

The Nov. 14, 2003 ALJ General Order 156 Ruling ended exclusions, resulting in specific categories no longer being deducted from the base procurement amount.

9.1.8 DESCRIPTION OF EFFORTS TO RECRUIT WMDVBE SUPPLIERS

Developing DBEs that are able to bid and compete in low-utilization categories, such as legal and finance, is a long-term process. Success in these areas often requires a company to have a larger workforce, highly specialized skills, and substantial financial strength.

SoCalGas continues to seek companies with these capabilities by attending trade shows, workshops and other venues that provide DBE outreach opportunities. In addition, the Supplier Diversity team identifies a number of companies that meet our business requirements and internally promotes their use. In some cases, consideration has been given to modifying the requirements, assisting in the location of people with the necessary skill sets, and breaking apart larger projects to provide developmental opportunities to DBEs.

Legal

SoCalGas continued to focus efforts on expanding opportunities for women-, minority-, and service-disabled veteran-owned law firms. For years, we have increasingly opened our doors to DBE legal firm participation for each new emerging legal matter. Our law department attorneys regularly meet with DBE firms to discuss their expertise and evaluate whether they would be a good fit for SoCalGas.

Furthermore, SoCalGas' General Counsel meets with emerging DBE law firms to develop relationships with attorneys who may be able to provide legal services for us in the future. Our General Counsel uses a strategic approach to increase spending with DBEs and develop DBE attorneys in a wide array of specialized legal areas. This approach should help ensure stable growth of legal DBE spend for years to come.

RELIABLE ENERGY - PRIME SUPPLIER AND DBE ADVOCATE

After 10 years of working at a community-based organization (CBO) that provided utility programs for low-income families, Ron Garcia had an "in" with other CBOs when he started his heating, ventilation and air conditioning firm in 1995.

The organizations hired Garcia's company, Reliable Energy, to install energy-efficiency measures for SoCalGas' limited-income renters and homeowners as a subcontractor for the utility's Direct Assistance Program, now known as the Energy Savings Assistance Program.

Three years later, SoCalGas approached the company with an opportunity to move beyond attic insulation, door weather-stripping and minor home repairs as a subcontractor, to furnace repair and replacement services as a prime contractor.

Today, Reliable Energy continues to work as a subcontractor and a prime supplier to the utility. In 2011, the Hispanic American-owned firm was awarded its largest SoCalGas contract to date to

perform low-cost energy-saving home improvements and furnace repair or replacement services for 14,000 qualified limited-income renters and homeowners.

"This contract is a significant increase from our 2010 contract to perform weatherization and furnace repair and replacement services for 6,000 homes," says Garcia, who employs about 150 people and has offices in Bakersfield, Lancaster and Baldwin Park in addition to the company's Paramount headquarters.

Garcia now has contracts with all four investor-owned utilities in the state and his work with SoCalGas also exposed him to the importance of hiring other diverse businesses. In 2011, he spent about \$2.5 million with DBEs.

"I saw the benefit it gave to Reliable Energy once we became a DBE contractor," he adds. "It opened the door with others, so I started looking for other DBEs to get them involved in the program. My company benefits from hiring diverse firms and so do my customers."



Ron Garcia, (right) conferring with a Reliable Energy employee, has seen significant growth in business with SoCalGas since starting his firm in 1995.

' I find it exceptionally gratifying to witness DBE law firms grow and develop a strong relationship with SoCalGas.'

- Erbin Keith, SoCalGas Vice President - External Affairs and General Counsel

In 2011, SoCalGas achieved a record-breaking all-time high spend with DBE law firms. We spent \$2.9 million, a half-million dollar increase from the prior year, which amounts to nearly 31.4 percent of total spend with DBE law firms. These firms provided SoCalGas with legal services in the following areas: securities, real estate, general litigation, business litigation, intellectual property, workers' compensation, asset recovery, and employment and labor law.

Legal - SoCalGas 2007 to 2011 (\$ and %)



Despite our increase in spend, we experienced a 23 percent decrease in overall percentage due to fluctuation of cases and legal matters.

The effort to expand DBE legal opportunities was diluted by a set of cases associated with fire, wage and hour, and contractual terms of a franchise agreement where legal expenses represented a large portion of SoCalGas' total legal expenses. We will continue to identify business opportunities in specialized legal areas for DBE firms.

One significant procurement achievement to note is that the legal team worked with a majority- and women-owned firm to defend SoCalGas in a wage/hour class action. This is only the second time that we have had a majority firm and DBE firm partner to defend this type of legal matter. Our legal team facilitated the work between the majority and DBE firm and these firms were able to achieve an extraordinary result – denial of class certification. This example is particularly noteworthy since DBE firms are not often selected to work on wage/hour class actions, nor is it common for SoCalGas to be named in such actions.

Other ways we supported diverse law firms and strengthened the relationships in the diverse legal community in 2011 include:

- Sempra Energy, parent company of SoCalGas, is an active member of the National Association of Minority and Women-Owned Legal Firms Inclusion Initiative and reports on DBE spending every quarter. Each January, we set a goal for DBE spending and report it to the initiative's chair. We also report our quarterly results to the chair, which are based on all DBE spending for both SoCalGas and SDG&E.
- Numerous times each year, Sempra Energy participates, sponsors and attends events for diverse bar associations, including fundraising dinners.

- Sempra Energy is a founding member and annually participates in the San Diego County Bar Association/Association of Corporate Counsel-San Diego Diversity Fellowship Program (DFP). Last summer, Sempra Energy hosted two diverse law students from local law schools to perform work for Sempra Energy utilities. In addition, Sempra Energy has successfully solicited additional law firms and corporate law departments to join the DFP and host fellows. A number of participants have received full-time jobs from their host firms/law departments as a result of their fellowship participation.
- Sempra Energy participates in the Corporate Minority Counsel Program Corporate Connections. Corporate Connections are brief

prescheduled interviews between outside and in-house counsel of corporations and public agencies who are seeking diverse outside counsel for active matters or consideration for possible future matters.

In addition, as part of SoCalGas' many long-term strategies to promote and encourage diversity and inclusion in the legal field, we asked each majority-owned firm to assign a diverse associate or partner for each new matter. We also asked the large legal firms to track and report the amount of work provided by these attorneys.

The following charts illustrate the utilization of diverse attorneys and paralegals at majority firms retained by SoCalGas' Legal department:

Diverse Attorney Work Within Majority Law Firms		Total (\$)
Minority Men	Asian Pacific	\$386,728
	African-American	
	Hispanic	\$62,501
	Native American	\$0
	Multi-Ethnic	\$24,094
	Total Minority Men	\$473,323
Minority Women	Asian Pacific	\$10,546
	African-American	
	Hispanic	
	Native American	
	Multi-Ethnic	\$25,506
	Total Minority Women	\$36,052
Total Minority		\$509,375
Non Minority Women: Attorneys		\$764,490
Non Minority Men: Attorneys		\$2,792,758
Service-Disabled Veteran		\$0
Grand Total, All Minority/Non-Minority		\$4,066,623

Note: Figures are estimated

Diverse Paralegal Work Within Majority Law Firms		Total (\$)
Minority Men	Asian Pacific	
	African-American	
	Hispanic	
	Native American	
	Multi-Ethnic	\$0
	Total Minority Men	\$0
Minority Women	Asian Pacific	
	African-American	
	Hispanic	\$2,755
	Native American	
	Multi-Ethnic	\$0
	Total Minority Women	\$2,755
Total Minority		\$2,755
Non Minority Women: Paralegals		\$221,997
Non Minority Men: Paralegals		\$171,065
Service-Disabled Veteran		\$0
Grand Total, All Minority/Non-Minority		\$395,817

Note: Figures are estimated

DIAMOND EDGE ADVANCES TO PRIME SUPPLIER

When Lytle, Texas-based Diamond Edge Services started performing pipeline tracking and monitoring services for SoCalGas, it was a subcontractor to the utility. In addition, the company wasn't certified as a diverse business enterprise in California.

Fast-forward six years later and the Native American-owned firm has grown to become a prime contractor for SoCalGas' pipeline integrity program and a certified DBE in the state, both of which has helped the company secure contracts with other California utilities.

Diamond Edge was hired in 2005 as a subcontractor for SoCalGas by Tuboscope Pipeline Services, Inc. to electronically track inspection equipment inside SoCalGas' transmission pipelines. Equipment known as a 'smart pig' travels inside a pipeline and "we add support by tracking its location at intervals along the pipeline, look for corrosion and share that information," says James Harshman, who owns the company with his wife, Rohani.

At an industry trade show in 2009, he met Jim Reed of SoCalGas' transmission staff who worked to bring Diamond Edge on as a prime contractor and state-certified DBE.

To become a prime supplier, "SoCalGas evaluated our procedures, operative qualifications and how we conduct business as part of their contract evaluation program. It was enlightening and helped us improve our operations," Harshman says, noting SoCalGas' Supplier Diversity team also aided the firm through the certification process.

Diamond Edge has so far performed monitoring services on over 40 SoCalGas inspection projects, totaling about 2,000 miles of pipeline. For 2012, the company has a contract to work on 26 inspection projects, or about 1,200 miles. In addition to SoCalGas, the company now has contracts with two other California utilities.

Adds Harshman: "We feel fortunate by the amount of business we've received from SoCalGas. When I put SoCalGas as a reference, it immediately brings us credibility."

A Diamond Edge Services crew on ATVs in Needles, ready to inspect a 120-mile, SoCalGas pipeline.



Finance, Insurance, and Consulting Services

SoCalGas is very pleased to report continuous progress with DBEs in Financial Services. In 2011, our Financial Services team identified opportunities for diverse firms and focused on ongoing outreach and supplier development efforts. While SoCalGas' long-term procurement trends with financial services firms have been very favorable, we may face year-to-year variations in nominal percentage success due to the rise and fall of spending with all vendors in large-scale finance categories, such as investment banking and bond issuance.

For instance, SoCalGas has been a national leader in working with MBEs in investment banking, providing nearly 30 percent DBE participation on some corporate bond financing deals. During 2011, SoCalGas did not issue any corporate bonds and thus, did not have opportunities for DBEs or majority firms.

Finance - SoCalGas 2007 to 2011 (\$ and %)



SoCalGas remained steadfast in its commitment in finding areas to expand its diverse finance supplier base. In 2011, DBE spend remained the same as the prior year for a total of \$1.3 million, with an increase in business activity in the following key Financial Services areas: pension and trust investments, investment banking, insurance and bonding services, cash management, and cost management services. Below are highlights of opportunities with DBEs across a wide array of Financial Services.

'Our experiences working with DBEs in financial services have been extremely positive. We continue to foster these relationships with the hopes of creating new avenues of success and long-term partnerships.'

- Bob Schlax, SoCalGas Vice President -
Treasurer, Controller and CFO

Pension and Trust Investments

In 2011, the SoCalGas pension fund hired a diverse investment manager to invest and manage \$75 million in global high-yield fixed income assets, a new asset class for the fund. In 2010, we had no investments with diverse investment managers in the pension fund since 100 percent of the fund was invested passively (index funds).

During the year, diverse security brokers executed 62 percent of the trading activity for the SoCalGas pension fund. In addition, the Pension staff identified diverse investment managers and conducted research on their characteristics, trading resources, and investment acumen. Through this

research, Sempra hired one new diverse investment manager in 2011 and is looking to hire two additional managers in 2012.

Investment Banking

SoCalGas did not issue any corporate bonds and thus, did not have opportunities for DBEs and majority firms in this large-scale expenditure area in finance. For 2011, we have zero dollars to report in this area in comparison to \$656,000 in 2010.

Insurance and Bonding Services

We continued to make progress in the insurance and bonding services through the participation of various DBEs who assisted the company with obtaining crime insurance and surety bonds.

SoCalGas continues to foster an environment of DBE inclusiveness in the insurance and bonding services area by cultivating the business relationships established in the past.

Cash Management

SoCalGas remained focused on expanding opportunities for minority community-focused banking institutions with a total of \$114 million in deposits. Of this amount, in 2011, SoCalGas deposited on par maximum, \$100 million in money market funds and \$14.7 million in non-money market funds with minority community-focused banks. We believe that minority community-focused banks can provide a better avenue for serving the minority supplier business community.

Cost Management Services

SoCalGas continued to utilize two diverse firms that provide cost management services. Both DBEs focused on providing creative and innovative solutions to help achieve greater value by increasing efficiencies and reducing costs. After

meeting one of the firms at an outreach event, SoCalGas contracted with this DBE to provide its expertise and knowledge in cost management services.

Outreach

SoCalGas continues to keep a sharp focus on financial outreach, which has produced new opportunities that will continue to expand DBE dollars for 2012 and beyond. SoCalGas is actively involved in many outreach venues and continues to make every effort to provide access to discuss business opportunities.

In 2011, our executives, finance directors and managers were involved with the National Association of Securities Professionals and CPUC

and Senate Select Committee on Procurement's *Follow-up Joint Informational Hearings on Procurement Opportunities for Diverse and Emerging Investment Management within CPUC and Public Pension Funds.*

In addition, our executives, finance directors, and managers frequently met with DBE financial firms to discuss business opportunities. In these meetings, high capacity DBEs were invited to discuss their capabilities and strengths in auditing, insurance, bonding, investment banking, and other areas.

For 2012 and beyond, SoCalGas will continue to actively seek out opportunities for diverse firms and cultivate growth of DBE finance opportunities.

'Our goal is to build on the successful foundation that we created in years' past, fully engage DBEs in our Supplier Diversity Program to take it to the next level, and create new opportunities for DBEs.'

- Michael Allman, President and CEO, Southern California Gas Company

2012 ANNUAL PLAN

10.1.1 GOALS

In 2009, SoCalGas embarked on a phase which will continue over the next decade of major capital infrastructure projects and initiatives to meet our energy demand and educate our customers in existing technologies to better serve them. While work was completed in securing DBE commitments at the agreement level, the major challenge in the immediate years following 2011 will be to secure DBEs with specialized expertise to meet the increased demand in new and emerging technologies.

We have had success in creating opportunities for DBEs that can add value and find supply chain solutions when partnering with prime suppliers. We encourage our prime suppliers to review their supply chain process to see where DBEs might be a fit. A new challenge will be to increase DBE percentages proportionally in the new and emerging markets.

Advanced Meter Project - The project will enhance operational efficiencies, customer service, safety, and energy conservation by retrofitting an estimated six million natural gas meters with wireless communications modules beginning in mid-2012. The project, which the CPUC approved in 2010, is committed to achieving a significant DBE spend over the life of the project through 2017.

Activities have included holding networking events to make introductions between larger and smaller firms and securing commitments for increased subcontracting percentages. In keeping with our goal to utilize DBEs across all facets of our business, DBE involvement touches on every area of the project, including technology, hardware, logistics, warehousing, inventory management and distribution, environmental engineering, community outreach, data management and security, deployment, and more.

Pipeline Safety Enhancement Program (PSEP) -

In support of the CPUC's objective to enhance pipeline and public safety, SoCalGas is developing plans to replace or pressure test all natural gas transmission pipelines that have not been pressure tested. Regulations specifying pressure testing were implemented after many of the transmission pipelines were installed.

We are proposing to retrofit existing valves and install new valves in multiple locations. This will allow us to respond to transmission pipeline incidents more quickly. Additionally, we propose to install technology enhancements to enable near real-time monitoring of events and conditions along our pipelines. These technology enhancements include fiber optic cabling and methane detection instruments.

To ensure there are suppliers with the capacity, experience and knowledge to work with us on PSEP, we will continue to work with our business and community organizations to identify highly capable DBEs, help mentor and provide them with applicable technical assistance opportunities, and ensure they are familiar with the company's bid process and requirements.

A program management contractor will be selected in 2012 and the Supplier Diversity team has been involved since the beginning, making every effort for DBE inclusion over the life of the project.

Building a Supplier Base of DBEs - SoCalGas has devised a number of tactics to attract, develop, and utilize smaller DBEs, including:

- Breaking apart large contracts; matching best DBEs to segments of work; encouraging prime suppliers to target subcontracting at 30 percent or more.
- Mentoring DBEs on company culture and expectations; hosting mixers for DBEs with utility decision makers and primes.
- Encouraging prime suppliers and DBEs to work together; leveraging small business agility with deeper resources of larger partners, who can help with bonding or accessing financing options.

We continue to collaborate with DBE and non-DBE business industry associations and prime contractors that support doing business with and encourage economic development of diverse suppliers and contractors. One of our continued program goals is to develop suppliers by promoting partnerships and encouraging prime suppliers to mentor diverse businesses.

DBE Subcontracting - Prime contractors provide SoCalGas with monthly data through an automated system and we are presently enhancing some of our procedures to further automate the process. To take this to the next level, we will continue to strengthen the language of our contracts to clarify that adherence to the DBE subcontracting plan is critical and failure to comply could result in the same non-performance consequences as other key contract terms and conditions. We are in the process of implementing some process improvements to make this monitoring for exceptions more efficient and completely technology based.

IT Systems - As part of our enterprise-wide initiative, OpEx 20/20, which focuses on technology upgrades and enhanced capabilities, one common

platform is being created for the company's network so it will be more reliable. Numerous radio towers will cover most of the service territory helping, to save money and improve reliability for employees and customers. In 2011, SoCalGas spent \$22 million or nearly 54 percent with DBEs.

Short-Term Goals

In 2012, SoCalGas will focus its Supplier Diversity Program on the following:

Development and Technical Assistance

- Market our technical assistance so suppliers can take advantage of the workshops and university programs that can support their growth
- Continue to help DBEs get certified through the CPUC Clearinghouse
- Continue to focus on finding solutions that will increase DBE participation
- Manage the process for the newly issued Technical Assistance RFI to organizations interested in developing unique technical assistance programs on SoCalGas' behalf and issue an RFP

Partnerships

- Continue to develop alliances with community-based economic development organizations for leveraging small business growth
- Continue to market DBE suppliers to other organizations

Targeted Outreach

- Increase focus on partnerships for SDVBE opportunities
- Identify areas in new and emerging technologies where potential DBEs can be developed
- Continue to develop SDVBEs and DBEs in historically underrepresented categories
- Continue to improve DBE content in our strategic sourcing efforts

- Continue to scan the marketplace, partner with and develop high potential suppliers in low-utilization categories, such as legal and financial services, consulting and insurance

DBE Subcontracting

- Continue to push for improved subcontracting results, particularly in categories where results are historically low, such as gas materials
- Partner with Supply Management to create and utilize a contractor's checklist and manage DBE subcontract plans for DBE inclusion
- Target and track progress of prime suppliers with low DBE utilization
- Develop, implement and monitor DBE sourcing plans for our major capital projects
- Continue to educate prime suppliers on developing subcontracting plans
- Continue to identify potential DBE subcontractors for all phases of construction
- Continue to invite prime contractors to attend networking workshops with potential DBE subcontractors, procurement agents and key decision makers

Mid- and Long-Term Goals

- Create strategic relationships and develop DBE firms in low-utilization categories, such as legal, financial and insurance services
- Increase utilization of smaller pipeline construction suppliers
- Increase participation in long-term sourcing projects
- Recognize at least one prime contractor and DBE subcontractor for outstanding contract performance
- Target high potential SDVBES for opportunities in areas such as electrical services, environmental services, engineering, facilities support and construction
- Support and select capacity building initiatives where low DBE utilization exists
- Create an environment of continuous improvement for Technical Assistance and Capacity Building programs



WMDVBE Annual Short-, Mid-, and Long-Term Goals by Product and Service Categories by Percentage of Spend

PRODUCTS

Short-Term (2012)					Mid-Term (2014)					Long-Term (2016)				
Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)
Men	Women				Men	Women				Men	Women			
13.0	2.0	15.0	5.0	1.5	13.0	2.0	15.0	5.0	1.5	13.0	2.0	15.0	5.0	1.5

SERVICES

Short-Term (2012)					Mid-Term (2014)					Long-Term (2016)				
Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)
Men	Women				Men	Women				Men	Women			
13.0	2.0	15.0	5.0	1.5	13.0	2.0	15.0	5.0	1.5	13.0	2.0	15.0	5.0	1.5

PRODUCTS AND SERVICES TOTAL

Short-Term (2012)					Mid-Term (2014)					Long-Term (2016)				
Men	Women				Men	Women				Men	Women			
13.0	2.0	15.0	5.0	1.5	13.0	2.0	15.0	5.0	1.5	13.0	2.0	15.0	5.0	1.5
				21.5					21.5					21.5

SoCalGas' supplier diversity corporate goal is to meet the requirements of General Order 156. In addition, SoCalGas will strive to exceed the following short-, mid-, and long-term goals:

Short-Term	Mid-Term	Long-Term
32%	32%	32%

NOTE: The 32 percent goal listed above is not the ceiling as we always strive to do better.

10.1.2 DESCRIPTION OF WMDVBE PROGRAM ACTIVITIES

Internal

The Supplier Diversity team plans to conduct several innovative activities in 2012 to further encourage DBEs in the bidding and procuring of products and services. We plan to:

- Develop a plan to review new and emerging technology opportunities
- Continue the practice of using assigned Supplier Diversity team members to work with procurement portfolio managers and their teams to address contract opportunities
- Continue to strengthen internal business unit relationships to provide top-notch DBEs where needed
- Continue to recognize employees who contribute to the success of SoCalGas' supplier diversity results
- Create opportunities to bring DBE firms and SoCalGas decision makers together at networking events
- Enhance subcontracting efforts in the SoCalGas procurement process by promoting greater use of the online subcontracting reporting system database

- Continue to mentor and develop DBE firms in the financial, legal, consulting and insurance areas and encourage utilization by SoCalGas
- Participate in SoCalGas' Procurement department's Strategic Sourcing initiatives
- Present DBE results and visit business unit vice presidents and key stakeholders on a regular basis
- Provide training for those with procurement responsibility on DBE reporting and database capabilities
- Work with business associations to identify potential DBEs for use in low-utilization categories
- Work with procurement and internal clients to address any subcontracting issues with prime contractors
- Utilize internal communication vehicles, including online newsletter, quarterly magazine and employee meetings, to educate and inform employees on supplier diversity strategy and programs

External

To ensure our presence in the business community, we will maintain memberships in and continue to support professional, business and economic development organizations that help meet our supplier diversity goals. Some of the other steps we will take in 2012:

- Identify SCORE projects
- Support the development of a capacity building program where a pipeline of DBEs can be groomed for higher capacity contracts
- Continue to provide opportunities through showcase events
- Attend and support SDVBE events and build relationships that will result in the identification of companies that can provide products and services to SoCalGas
- Explore other potential relationships where high capacity DBEs can be recruited and developed in new and emerging areas
- Continue to invest in supplier development programs in partnership with local universities and other institutions or organizations that help us meet our supplier needs
- Identify suppliers through contacts in manufacturing and professional services organizations
- Invite high potential DBEs to bidding conferences to increase their awareness of subcontracting opportunities
- Promote our Supplier Diversity Program in local and national publications and DBE directories
- Work with key organizations to identify and develop diverse suppliers in areas of low utilization, such as legal, financial, consulting and insurance services

10.1.3 PLANS FOR RECRUITING WMDVBE SUPPLIERS WHERE WMDVBE UTILIZATION HAS BEEN LOW

To increase DBE opportunities in low-utilization areas in 2012, SoCalGas plans to:

- Conduct meetings with top prime suppliers to increase their subcontracting performance
- Contact DBEs who are not currently certified and encourage them to seek verification

- Continue targeting high potential SDVBEs for opportunities in areas such as environmental, engineering, facilities support and construction
- Foster strategic relationships with DBE firms positioned to secure contracts in emerging areas such as legal, financial and insurance services
- Include Supplier Diversity Program information in employee-communication mediums
- Invite company procurement agents and key decision makers to attend networking workshops with potential DBE contractors and subcontractors
- Participate in planning and pre-bid meetings to ensure DBE participation
- Provide monthly DBE results to procurement agents, procurement management and division leaders

Legal

Expanding opportunities for women-, minority- and service-disabled veteran-owned law firms will continue to be a key focus in 2012. As part of these efforts, SoCalGas will contact majority legal firms to urge them to develop partnerships with DBEs. We will also urge these firms to develop leadership opportunities for diverse attorneys and promote their work in utility legal areas within their organizations.

In 2012, we will be expanding our outreach activities to include matchmaking/networking events as a means to identify DBE law firms for possible business opportunities.

Please refer to the legal section under 9.1.8 Description of Efforts to Recruit WMDVBE Suppliers.

Finance, Insurance, and Consulting Services

2012 Development Plan

We will continue to keep a sharp focus on financial outreach to expand DBE dollars in 2012 and beyond. Our executives, finance directors and managers will continue to be actively involved in outreach venues, including the CPUC/Utility Chief Financial Officer forums as well as internal meetings with high capacity DBEs to help expand opportunities.

In 2012, SoCalGas will continue to participate in initiatives geared toward identifying and expanding new opportunities for DBEs in finance. We will work with finance, insurance and consulting teams to:

- Invest in minority-area focused community finance development institutions
- Identify and meet with high potential DBE insurance and benefits service providers and introduce them to prime contractors
- Identify and utilize high potential DBEs to manage pension and specialty funds
- Identify and engage qualified DBE auditing firms for employee benefit and other specialty audits
- Search for specific subcontracting opportunities for inclusion with majority-owned banking and financial institutions



10.1.4 PLANS FOR RECRUITING WMDVBE SUPPLIERS IN ANY EXCLUDED CATEGORY

SoCalGas has eliminated all excludable items in compliance with the recent modifications made to General Order 156.

10.1.5 PLANS FOR ENCOURAGING PRIME CONTRACTORS AND GRANTEES TO ENGAGE WMDVBES

To increase DBE subcontracting dollars in 2012, SoCalGas plans to:

- Conduct follow-up meetings with procurement agents on contracts with no existing subcontracting plans
- Utilize MyDBE portal to identify subcontracting opportunities
- Partner with Supply Management to create a contractor's checklist and manage DBE subcontracting plans
- Develop detailed subcontracting plans for each portfolio/line of business where none exists
- Conduct meetings with top prime suppliers to increase their subcontracting performance
- Contact DBE subcontractors who are not currently verified and encourage them to seek certification
- Educate prime suppliers on developing subcontracting plans and the advantages of subcontracting with DBEs
- Ensure that RFPs and final contracts contain DBE subcontracting plans
- Invite prime contractors to attend networking workshops with potential DBE subcontractors as well as company procurement agents and key decision makers
- Make presentations to procurement agents and internal clients on the DBE contracting and subcontracting program and results
- Monitor and enforce DBE subcontracting commitments and performance
- Participate in planning and pre-bid meetings to ensure DBE participation
- Provide monthly subcontracting results to procurement agents, procurement management and division leaders
- Recognize at least one prime contractor and DBE subcontractor team for outstanding contract performance
- Require prime contractors to have robust subcontracting plans

10.1.6 PLANS FOR COMPLYING WITH WMDVBE PROGRAM GUIDELINES

SoCalGas will continue its efforts to meet or exceed all requirements established by General Order 156.

2011 ANNUAL REPORT / 2012 ANNUAL PLAN – FUEL PROCUREMENT FOR NON-GENERATION

2011 ANNUAL REPORT - FUEL PROCUREMENT FOR NON-GENERATION

2011 DBE Natural Gas Results

In 2011, SoCalGas made more than \$281 million in natural gas purchases, or 13.8 percent, from diverse businesses. These purchases included:

- \$140.2 million from African American-owned suppliers, up from \$106.1 million in 2010
- \$72.4 million from Asian Pacific-owned suppliers, compared to \$66.9 million
- \$48 million from federally recognized tribes (sovereign nations) and Native American-owned natural gas suppliers, a decline from \$80.4 million
- \$20.6 million from Hispanic American-owned suppliers, down from \$24.6 million

In addition, purchases from woman-owned firms decreased to zero in 2011 compared to \$7 million in the previous year.

While diverse suppliers faced difficult market conditions, declining gas productions and credit challenges, the overall DBE natural gas segment remained resilient in 2011.

During the year, SoCalGas continued to focus efforts on incorporating new suppliers into its DBE program and expanding procurement opportunities for existing suppliers. To ensure SoCalGas has access to capable diverse suppliers in the future, the Gas Acquisition team identified and mentored African American- and Hispanic American-owned market entrants in 2011. Through mentoring, SoCalGas helped DBEs develop new skills to increase their capacity, allowing them to take on larger contracts.

SoCalGas has been focused on expanding opportunities for diverse natural gas suppliers for more than two decades. During this time, SoCalGas' Gas Acquisition team has executed over \$3 billion in natural gas purchases with such firms.

9.1.1 INTERNAL/EXTERNAL ACTIVITIES

Internal Activities

Executive Briefings

SoCalGas executives and managers are briefed monthly on the status of DBE gas purchase results. These updates keep the Supplier Diversity Program “top of mind” and encourage Gas Acquisition managers to identify and engage qualified DBE firms in their purchasing activities.

DBE Outreach

The Supplier Diversity team encourages energy buyers to develop relationships and network with diverse suppliers during trading activities to promote DBE utilization. SoCalGas' practice of maintaining regular, coordinated contact between the Supplier Diversity and Gas Acquisition teams continues to create growth opportunities for diverse suppliers. This includes arranging introductory meetings with new firms.

External Activities

SoCalGas has taken a leading role in advancing supplier diversity in energy markets for more than 20 years.

In 1989, SoCalGas held the first DBE natural gas workshop in the nation. Five years later, SoCalGas joined the U.S. Department of Energy (DOE) to form the DOE Minority Business Roundtable and promote DBEs in energy markets. In the mid-1990s, SoCalGas worked with the DOE and a minority-owned company to develop a national financing tool for DBEs, which has now facilitated more than \$2 billion in diverse business transactions across the United States.

SoCalGas continued to work with CPUC President Peevey, CPUC Commissioner Simon, Maryland Commissioner Williams, and other utilities to develop and promote a national utility DBE program supported by the National Association of Regulatory Utility Commissioners (NARUC). Most recently, SoCalGas' vice president of Gas Acquisition spoke at a panel hosted by NARUC about the opportunities and barriers to procurement in the natural gas and fuel supply industries. NARUC's Utility Marketplace Access Committee (UMA) promotes DBE energy, products and services procurement by utilities throughout the country. This committee enhanced DBE efforts and increased interest by several state commissions, including California, Ohio, New Jersey, Florida, Maryland, Michigan, and Indiana.

SoCalGas also encouraged DBEs to pursue revenue opportunities outside of traditional utility natural gas market sales, such as leveraging gas storage and brokering natural gas, to diversify their customer base and revenues. As a result, some DBEs are pursuing non-utility sales business opportunities.

Additional activities included:

- **Industry Outreach** - SoCalGas shared its Supplier Diversity Program business strategies with other natural gas industry executives to encourage their participation in promoting opportunities with diverse businesses.
- **Mentoring Assistance** - SoCalGas facilitated DBE mentoring by working with many segments of the energy and financial industries. These efforts include interaction with DBEs, energy industry leaders, energy trading and credit staff, bankers, educational institutions, consultants, marketing representatives, and governmental agencies.
- **Mentoring High Potential Diverse Suppliers** - We continued to identify high potential DBEs and provide mentoring and guidance to further increase their success. In 2011, the Gas Acquisition team mentored African American- and Hispanic American-owned market entrants to ensure SoCalGas has access to capable diverse suppliers in the future.
- **Finance Industry Initiatives** - SoCalGas encouraged other utilities, energy companies, and the banking community to use the Funds Transfer Agency Agreement (FTAA) to assist diverse suppliers with their credit issues. The FTAA is an outgrowth of an effort by SoCalGas, a minority supplier, and Union Bank of California to address finance issues facing minority-owned businesses. The FTAA provides qualified small DBEs access to financing to help them consummate large commodity deals.
- **Outreach to Federally Recognized Tribes and Native American-owned Businesses** - SoCalGas is especially proud of its outreach to the federally recognized tribes and Native American-owned businesses. Over the years, our efforts have produced more than \$1 billion in natural gas purchases from tribal and Native American-owned companies. When we first

sought to buy natural gas directly from tribes, SoCalGas and other utilities had been indirectly buying the same tribal gas from a majority business and paying a markup. SoCalGas worked with the Council of Energy Resource Tribes to create a tribal gas marketing company so tribes could realize the full value of their resources. That relationship has evolved into a direct gas supply relationship with a federally-recognized tribe.

- **Supplier Development Opportunities** - During 2011, SoCalGas provided diverse natural gas suppliers with several educational opportunities including mentoring, training and increased access to information. SoCalGas' guidance helped these suppliers understand the opportunities and challenges created by the

changing energy industry and led to a number of DBE natural gas suppliers making significant progress in their efforts to win contracts.

Over the years, SoCalGas sponsored several diverse gas suppliers' participation in the UCLA Management Development for Entrepreneurs certificate program. Among other activities, the UCLA program requires DBEs to develop a business improvement plan. Participating suppliers have praised the program and attributed their business growth to knowledge and insight gained from the program's extensive curriculum. SoCalGas also gave DBEs the opportunity to attend Northwestern University's Kellogg School of Management program in cooperation with the National Minority Supplier Development Council (NMSDC).

9.1.2 SUMMARY OF PURCHASES AND/OR CONTRACTS

Fuels for Non-Generation Purchases • January 1, 2011 - December 31, 2011

		Dollars	Volume (Billion BTUs)
Purchases Gas Account (PGA)	Canadian Source Gas	\$69,369,964	19,703
	Domestic On-Shore Gas Purchases from Non-Diverse Suppliers	\$1,686,157,501	427,598
	Domestic On-Shore Gas Purchases from Diverse Suppliers	\$281,513,705	70,199
	All Offshore Source Gas	-	-
	Gas Purchases/Payments - Other Utilities	-	-
	Total Natural Gas Purchased	\$2,037,041,170	517,500

9.1.3 PROGRAM EXPENSES

Program expenses are included in the Section 9.1.3 Itemization of WMDVBE Program Expense in the 2011 Product and Services Procurement Results.

9.1.4 GOAL PROGRESS

In 2011, SoCalGas purchased 13.8 percent from diverse natural gas suppliers, totaling more than \$281 million. SoCalGas' natural gas purchases from federally recognized tribes (sovereign nations) and Native American suppliers totaled

\$48 million; \$140.2 million was purchased from African American suppliers; \$20.6 million was purchased from Hispanic American firms, approximately \$72.4 million was purchased from Asian Pacific suppliers. There were zero

purchases with woman-owned suppliers.

As mentioned earlier, the DBE segment remained resilient despite difficult market conditions and challenging credit prospects. Still, SoCalGas experienced a decline in purchases with federally recognized tribes (sovereign nations) and Native

American-owned natural gas suppliers due to a tribe's declining gas production. In addition, natural gas purchases with a woman-owned supplier were reduced as a result of tightening credit policies while procurement with a Hispanic-owned firm was affected by market conditions.

9.1.5 SUBCONTRACTORS

There were no subcontractor opportunities available.

9.1.6 COMPLAINTS

Formal - There were no formal DBE complaints filed in 2011 with the CPUC.

Lawsuits - There were no DBE lawsuits filed in 2011.

9.1.7 EXCLUSIONS

With the CPUC's decision to end excludable categories, SoCalGas no longer reduces the procurement base with Canadian and offshore volumes.



9.1.8 EFFORTS TO RECRUIT DIVERSE SUPPLIERS IN UNDERUTILIZED AREAS

Through outreach, SoCalGas has encouraged diverse suppliers to develop relationships with domestic onshore producers as well as Canadian and other producers.

SoCalGas' quest to increase participation of diverse gas suppliers will continue to be challenging due to credit conditions that are affecting DBEs in the wholesale energy and natural gas markets. Diverse major suppliers continue to withdraw from West Coast markets. Other major energy companies have increasingly tightened credit and supply for DBEs, which generally have small asset bases and even in the

best conditions, would hinder credit and supply – essential elements for growth.

Our outreach and supplier development efforts will continue to support DBE growth in the natural gas market. One of SoCalGas' future challenges will be finding more wholesale oil and gas producers to conduct business with diverse gas suppliers. However, we remain hopeful that our efforts and encouragement by the federal government and regulatory bodies, such as NARUC, will help sustain DBE prospects and these suppliers will be successful in the 2012 marketplace.

9.1.9 RETENTION OF ALL DOCUMENTS/DATA

SoCalGas will comply with all required document retention regulations.

9.1.10A PARTICIPATION RESULTS BY FUEL CATEGORY

Please refer to Chart Addendum A8 on page 55 for participation results by fuel category.

9.1.10B MARKET CONDITIONS AND OUTREACH

Mild weather and additional sources of natural gas production, such as shale gas, resulted in lower natural gas prices. With weak volatility and natural gas prices at a 10-year low, DBEs were faced with a consolidating industry and credit worthiness issues with major suppliers. These factors created challenges for new and existing DBEs.

Although most of the major energy companies upheld credit policies that restricted opportunities with diverse suppliers, SoCalGas continued to encourage major energy suppliers to work with diverse suppliers.

Please refer to 9.1.1 for information about SoCalGas' outreach activities.

2012 ANNUAL PLAN - FUEL PROCUREMENT FOR NON-GENERATION

10.1.1 GOALS

By mentoring new gas start-ups and working with existing diverse suppliers, SoCalGas will continue to work diligently to meet its short-, mid- and long-term goals of 21.5 percent, which also support the CPUC goal.

Category	2012 Goals	2014 Goals	2016 Goals
Minority Owned	15.0%	15.0%	15.0%
Women Owned	5.0%	5.0%	5.0%
Service-Disabled Veteran	1.5%	1.5%	1.5%
Total	21.5%	21.5%	21.5%

10.1.2 PLANNED INTERNAL/EXTERNAL ACTIVITIES

Internal Activities

SoCalGas will continue efforts to diversify its DBE natural gas supplier base in 2012. High potential emerging suppliers will continue to be provided with mentoring and other supplier development opportunities.

In the coming year, SoCalGas will be involved in the following to enhance DBE success:

- Continue buyer interaction with DBEs
- Reach out to emerging diverse natural gas suppliers
- Track goals with Gas Acquisition staff and managers
- Regularly review DBE accomplishments with Gas Acquisition and Gas Supply managers
- Regularly review DBE natural gas procurement progress with senior management
- Work with business associations to identify potential DBEs

External Activities

SoCalGas will continue to be an industry advocate on behalf of diverse suppliers. Additionally, SoCalGas will actively promote DBE natural gas efforts and achievements at industry meetings. The following are some of SoCalGas' external supplier development strategies:

- Continue to mentor and develop DBEs
- Provide DBE support to access financing and credit institutions
- Participate in energy industry fairs to promote DBE opportunities
- Provide diverse suppliers with educational opportunities
- Encourage major energy company participation in trading with diverse businesses
- Continue to serve in a leadership role in the NARUC UMAP and National Utilities Diversity Council
- Work with key organizations to identify and develop diverse suppliers

10.1.3 RECRUITMENT PLANS FOR DBEs IN UNDERUTILIZED AREAS

SoCalGas will continue to consider competitive offers from natural gas companies originating in all markets, including Canadian and offshore markets. SoCalGas plans to participate in trade fairs to recruit and encourage DBE participation in all markets and encourage potential DBEs to participate in natural gas procurement programs. SoCalGas expects these efforts to show progress during 2012.

10.1.4 RECRUITMENT PLANS FOR DBEs IN EXCLUDED CATEGORIES

SoCalGas has eliminated all excludable items in compliance with the recent modifications made to General Order 156.

10.1.5 PLANNED SUBCONTRACTING ACTIVITIES

There are no subcontractor opportunities currently available.

10.1.6 PROGRAM COMPLIANCE

SoCalGas will continue its outreach activities to diverse firms and strive to either meet or exceed all requirements established in General Order 156.



ADDENDUMS

A1 9.1.2 SoCalGas DBE Annual Results by Ethnicity - 2011

		Direct \$	Sub \$	Total \$	%
Minority Men	African American	3,581,754	20,809,539	24,391,293	3.02%
	Asian Pacific American	21,993,766	1,386,481	23,380,246	2.90%
	Hispanic American	78,195,268	21,214,092	99,409,359	12.32%
	Native American	4,819,202	659,927	5,479,129	0.68%
	Other	220,959	-	220,959	0.03%
	Total Minority Men	108,810,948	44,070,038	152,880,987	18.94%
Minority Women	African American	19,076,451	8,055,949	27,132,399	3.36%
	Asian Pacific American	10,199,275	906,792	11,106,067	1.38%
	Hispanic American	9,366,152	1,079,801	10,445,953	1.29%
	Native American	57,123	37,713	94,836	0.01%
	Other	-	25,925	25,925	0.00%
	Total Minority Women	38,699,000	10,106,180	48,805,180	6.05%
Total Minority Business Enterprise (MBE)		147,509,948	54,176,218	201,686,167	24.99%
Women Business Enterprise (WBE)		74,744,632	18,360,442	93,105,074	11.54%
Subtotal Women, Minority Business Enterprise (WMBE)		222,254,580	72,536,661	294,791,241	36.52%
Service-Disabled Veteran Business Enterprise (SDVBE)		11,567,227	1,305,446	12,872,673	1.59%
TOTAL WMDVBE		233,821,807	73,842,107	307,663,914	38.12%
Total Procurement \$		807,102,988			

A2 9.1.2 SoCalGas DBE Procurement by Product and Service Categories - Direct - 2011

			Products \$	%	Services \$	%	Total \$	%
Minority Men	African American	Direct	258,100	0.13%	3,323,654	0.55%	3,581,754	0.44%
	Asian Pacific American	Direct	12,394,494	6.03%	9,599,272	1.60%	21,993,766	2.73%
	Hispanic American	Direct	1,633,534	0.79%	76,561,733	12.73%	78,195,268	9.69%
	Native American	Direct	98,647	0.05%	4,720,554	0.78%	4,819,202	0.60%
	Other	Direct	-	0.00%	220,959	0.04%	220,959	0.03%
	Total Minority Men	Direct	14,384,776	7.00%	94,426,172	15.70%	108,810,948	13.48%
Minority Women	African American	Direct	25,859	0.01%	19,050,591	3.17%	19,076,451	2.36%
	Asian Pacific American	Direct	6,980,007	3.39%	3,219,268	0.54%	10,199,275	1.26%
	Hispanic American	Direct	4,864,016	2.37%	4,502,136	0.75%	9,366,152	1.16%
	Native American	Direct	-	0.00%	57,123	0.01%	57,123	0.01%
	Other	Direct	-	0.00%	-	0.00%	-	0.00%
	Total Minority Women	Direct	11,869,882	5.77%	26,829,118	4.46%	38,699,000	4.79%
Total Minority Business Enterprise (MBE)		Direct	26,254,658	12.77%	121,255,290	20.16%	147,509,948	18.28%
Women Business Enterprise (WBE)		Direct	23,091,120	11.23%	51,653,512	8.59%	74,744,632	9.26%
Subtotal Women, Minority Business Enterprise (WMBE)		Direct	49,345,778	24.00%	172,908,802	28.75%	222,254,580	27.54%
Service-Disabled Veteran Business Enterprise (SDVBE)		Direct	1,789,016	0.87%	9,778,211	1.63%	11,567,227	1.43%
TOTAL WMDVBE		Direct	51,134,794	24.87%	182,687,013	30.37%	233,821,807	28.97%
Total Products Procurement \$			205,638,454					
Total Services Procurement \$			601,464,534					
Total Procurement \$			807,102,988					

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

A3 9.1.2 SoCalGas DBE Procurement by Product and Service Categories - Subcontracting - 2011

			Products \$	%	Services \$	%	Total \$	%
Minority Men	African American	Sub	1,683,608	0.82%	19,125,931	3.18%	20,809,539	2.58%
	Asian Pacific American	Sub	153,485	0.07%	1,232,996	0.20%	1,386,481	0.17%
	Hispanic American	Sub	10,847,899	5.28%	10,366,193	1.72%	21,214,092	2.63%
	Native American	Sub	561,125	0.27%	98,802	0.02%	659,927	0.08%
	Other	Sub	-	0.00%	-	0.00%	-	0.00%
Total Minority Men		Sub	13,246,117	6.44%	30,823,922	5.12%	44,070,038	5.46%
Minority Women	African American	Sub	1,961	0.00%	8,053,988	1.34%	8,055,949	1.00%
	Asian Pacific American	Sub	-	0.00%	906,792	0.15%	906,792	0.11%
	Hispanic American	Sub	37,821	0.02%	1,041,980	0.17%	1,079,801	0.13%
	Native American	Sub	10,098	0.00%	27,615	0.00%	37,713	0.00%
	Other	Sub	-	0.00%	25,925	0.00%	25,925	0.00%
Total Minority Women		Sub	49,880	0.02%	10,056,300	1.67%	10,106,180	1.25%
Total Minority Business Enterprise (MBE)		Sub	13,295,997	6.47%	40,880,221	6.80%	54,176,218	6.71%
Women Business Enterprise (WBE)		Sub	8,826,268	4.29%	9,534,174	1.59%	18,360,442	2.27%
Subtotal Women, Minority Business Enterprise (WMBE)		Sub	22,122,265	10.76%	50,414,396	8.38%	72,536,661	8.99%
Service-Disabled Veteran Business Enterprise (SDVBE)		Sub	681,977	0.33%	623,470	0.10%	1,305,446	0.16%
TOTAL WMDVBE		Sub	22,804,242	11.09%	51,037,865	8.49%	73,842,107	9.15%
Total Products Procurement \$			205,638,454					
Total Services Procurement \$			601,464,534					
Total Procurement \$			807,102,988					

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

A4 9.1.2 SoCalGas Procurement by Product Category Summary - 2011

Products	Total Expenditures
14 - Mining & Quarrying Of Nonmetallic Minera	\$ 131,227
23 - Apparel & Oth Finished Prods Made From F	\$ 80,210
24 - Lumber & Wood Prods, Exc Furniture	\$ 899,537
25 - Furniture & Fixtures	\$ 9,627,783
26 - Paper & Allied Prods	\$ 798,265
28 - Chemicals & Allied Prods	\$ 1,922,670
29 - Petroleum Refining & Related Industries	\$ 1,304,990
30 - Rubber & Misc Plastics Prods	\$ 3,117,632
32 - Stone, Clay, Glass & Concrete Prods	\$ 611,939
33 - Primary Metal Industries	\$ 9,148,627
34 - Fabricated Metal Prods, Exc Machinery &	\$ 13,124,923
35 - Industrial & Commercial Machinery & Comp	\$ 22,321,698
36 - Electronic & Oth Elec Equip & Component	\$ 7,601,706
37 - Transportation Equip	\$ 1,988,272
38 - Measuring, Analyzing & Controlling Instr	\$ 23,275,010
39 - Misc Manufacturing Industries	\$ 689,911
50 - Wholesale Trade; Durable Goods	\$ 54,182,678
51 - Wholesale Trade; Nondurable Goods	\$ 32,455,390
52 - Bldg Matls, Hardware, Garden Supply & Mo	\$ 778,033
55 - Automotive Dlrs & Gasoline Service Stati	\$ 16,403,606
57 - Home Furniture, Furnishings & Equip Sto	\$ 1,017,437
58 - Eating & Drinking Places	\$ 1,551,885
59 - Misc Retail	\$ 2,605,024
Total Products Procurement	\$ 205,638,454

A5 9.1.2 SoCalGas Procurement by Product Category Detail - 2011

Products	African American		Asian American		Hispanic American		Native American		Other		Total Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Total WMDVBE	Total
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women						
14 - Mining & Quarrying Of Nonmetallic Minera	117,747	-	-	-	-	-	-	-	-	-	-	-	117,747	-	117,747	-	117,747	131,227
	89.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	89.73%	0.00%	89.73%	0.00%	89.73%	
23 - Apparel & Oth Finished Prods Made From F	-	-	-	-	-	-	-	-	-	-	-	-	-	2,839	2,839	-	2,839	80,210
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.54%	3.54%	0.00%	3.54%	
24 - Lumber & Wood Prods, Exc Furniture	-	-	-	-	15,727	-	-	-	-	-	-	-	15,727	-	15,727	34,395	50,122	899,537
	0.00%	0.00%	0.00%	0.00%	1.75%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%	0.00%	1.75%	0.00%	1.75%	3.82%	5.57%	
25 - Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,627,783
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
26 - Paper & Allied Prods	-	-	-	-	-	-	-	-	-	-	-	-	-	200,616	200,616	-	200,616	798,265
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.13%	25.13%	0.00%	25.13%	
28 - Chemicals & Allied Prods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,922,670
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
29 - Petroleum Refining & Related Industries	-	-	-	-	-	-	-	-	-	-	-	-	-	585,490	585,490	-	585,490	1,304,990
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	44.87%	44.87%	0.00%	44.87%	
30 - Rubber & Misc Plastics Prods	-	-	1,465,530	-	93,458	-	-	-	-	-	-	-	1,558,988	95	1,559,083	43,212	1,602,295	3,117,632
	0.00%	0.00%	47.01%	0.00%	3.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.01%	0.00%	50.01%	0.00%	50.01%	1.39%	51.39%	
32 - Stone, Clay, Glass & Concrete Prods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	611,939
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
33 - Primary Metal Industries	-	-	4,879,912	-	132,166	-	-	-	-	-	-	-	4,879,912	132,166	5,012,079	-	5,012,079	9,148,627
	0.00%	0.00%	53.34%	0.00%	0.00%	1.44%	0.00%	0.00%	0.00%	0.00%	53.34%	1.44%	54.79%	0.00%	54.79%	0.00%	54.79%	
34 - Fabricated Metal Prods, Exc Machinery &	-	-	-	-	788,065	-	-	-	-	-	-	-	788,065	1,749,604	2,537,669	300	2,537,969	13,124,923
	0.00%	0.00%	0.00%	0.00%	6.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.00%	0.00%	6.00%	13.33%	19.33%	0.00%	19.34%	
35 - Industrial & Commercial Machinery & Comp	-	-	-	-	-	-	-	92,638	-	-	-	-	92,638	34,572	127,210	-	127,210	22,321,698
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.42%	0.00%	0.00%	0.00%	0.42%	0.00%	0.42%	0.15%	0.57%	0.00%	0.57%	
36 - Electronic & Oth Elec Equip & Component	-	-	-	-	-	-	-	-	-	-	-	-	-	12,119	12,119	323,935	336,054	7,601,706
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.16%	4.26%	4.42%	
37 - Transportation Equip	-	-	-	-	1,898,390	-	-	-	-	-	-	-	1,898,390	-	1,898,390	-	1,898,390	1,988,272
	0.00%	0.00%	0.00%	0.00%	95.48%	0.00%	0.00%	0.00%	0.00%	0.00%	95.48%	0.00%	95.48%	0.00%	95.48%	0.00%	95.48%	
38 - Measuring, Analyzing & Controlling Instr	-	-	-	-	55,571	-	-	-	-	-	-	-	55,571	9,346	64,917	-	64,917	23,275,010
	0.00%	0.00%	0.00%	0.00%	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.24%	0.00%	0.24%	0.04%	0.28%	0.00%	0.28%	
39 - Misc Manufacturing Industries	-	-	-	-	-	-	-	-	-	-	-	-	-	8,529	8,529	-	8,529	689,911
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.24%	1.24%	0.00%	1.24%	
50 - Wholesale Trade; Durable Goods	1,447,131	-	6,202,537	6,980,007	245,512	4,236,003	560,910	10,098	-	-	8,456,090	11,226,107	19,682,197	5,745,517	25,427,714	336,172	25,763,886	54,182,678
	2.67%	0.00%	11.45%	12.88%	0.45%	7.82%	1.04%	0.02%	0.00%	0.00%	15.61%	20.72%	36.33%	10.60%	46.93%	0.62%	47.55%	
51 - Wholesale Trade; Nondurable Goods	-	25,859	-	-	-	-	-	-	-	-	-	-	25,859	19,582,227	19,608,087	1,732,979	21,341,066	32,455,390
	0.00%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	0.08%	60.34%	60.42%	5.34%	65.76%	
52 - Bldg Matls, Hardware, Garden Supply & Mo	-	-	-	-	473,874	-	-	-	-	-	-	-	473,874	9,940	483,814	-	483,814	778,033
	0.00%	0.00%	0.00%	0.00%	60.91%	0.00%	0.00%	0.00%	0.00%	0.00%	60.91%	0.00%	60.91%	1.28%	62.18%	0.00%	62.18%	
55 - Automotive Dtrs & Gasoline Service Stati	894	-	-	-	8,335,284	-	281	-	-	-	-	-	8,336,460	2,867,950	11,204,410	-	11,204,410	16,403,606
	0.01%	0.00%	0.00%	0.00%	50.81%	0.00%	0.00%	0.00%	0.00%	0.00%	50.82%	0.00%	50.82%	17.48%	68.30%	0.00%	68.30%	
57 - Home Furniture, Furnishings & Equip Sto	-	-	-	-	-	-	5,944	-	-	-	-	-	5,944	483,663	489,607	-	489,607	1,017,437
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.58%	0.00%	0.00%	0.00%	0.58%	0.00%	0.58%	47.54%	48.12%	0.00%	48.12%	
58 - Eating & Drinking Places	322,688	-	-	-	-	-	-	-	-	-	-	-	322,688	619,915	942,603	-	942,603	1,551,885
	20.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.79%	0.00%	20.79%	39.95%	60.74%	0.00%	60.74%	
59 - Misc Retail	53,248	1,961	-	-	575,552	533,668	-	-	-	-	628,800	535,629	1,164,429	4,966	1,169,395	-	1,169,395	2,605,024
	2.04%	0.08%	0.00%	0.00%	22.09%	20.49%	0.00%	0.00%	0.00%	0.00%	24.14%	20.56%	44.70%	0.19%	44.89%	0.00%	44.89%	
Total Products Procurement	1,941,708	27,820	12,547,979	6,980,007	12,481,433	4,901,837	659,772	10,098	-	-	27,630,893	11,919,762	39,550,655	31,917,388	71,468,043	2,470,993	73,939,036	205,638,454
	0.94%	0.01%	6.10%	3.39%	6.07%	2.38%	0.32%	0.00%	0.00%	0.00%	13.44%	5.80%	19.23%	15.52%	34.75%	1.20%	35.96%	

A6 9.1.2 SoCalGas Procurement by Service Category Summary - 2011

Services	Total Expenditures	
07 - Agricultural Svcs	\$	1,053,889
13 - Oil & Gas Extraction	\$	31,349,026
15 - Bldg Const-General Contractors & Operati	\$	48,121,053
16 - Heavy Const Oth Than Bldg Const-Contract	\$	145,597,106
17 - Const-Special Trade Contractors	\$	89,380,323
27 - Printing, Publishing & Allied Industries	\$	2,932,935
42 - Motor Freight Transportation & Warehousi	\$	23,045,725
45 - Transportation By Air	\$	122,866
47 - Transportation Svcs	\$	1,454,999
48 - Communications	\$	298,618
49 - Electric, Gas & Sanitary Svcs	\$	648,137
60 - Depository Institutions	\$	1,990,902
62 - Security & Commodity Brokers, Dlrs, Exch	\$	3,199,483
63 - Insurance Carriers	\$	800
64 - Insurance Agents, Brokers & Service	\$	568,548
65 - Real Estate	\$	751,156
72 - Personal Svcs	\$	1,874,015
73 - Business Svcs	\$	124,230,842
75 - Automotive Repair, Svcs & Parking	\$	1,555,289
76 - Misc Repair Svcs	\$	7,165,020
80 - Health Svcs	\$	1,004,664
81 - Legal Svcs	\$	9,222,148
82 - Educational Svcs	\$	102,476
83 - Social Svcs	\$	3,722,072
87 - Engrg, Accounting, Research, Mgmt & Rela	\$	86,992,375
89 - Svcs, Not Elsewhere Classified	\$	14,384,167
99 - Nonclassifiable Establishments	\$	695,903
Total Products Procurement	\$	601,464,534

A7 9.1.2 SoCalGas Procurement by Service Category Detail - 2011

Products	African American		Asian Pacific American		Hispanic American		Native American		Other		Total Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Total WMDVBE	Total		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women								
07 - Agricultural Svcs	-	-	-	-	504,062	-	-	-	-	-	-	-	504,062	-	504,062	-	504,062	-	504,062	1,053,889
	0.00%	0.00%	0.00%	0.00%	47.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	47.83%	0.00%	47.83%	0.00%	47.83%	0.00%	47.83%	
13 - Oil & Gas Extraction	-	-	-	-	2,000	-	-	189,911	-	-	-	-	191,911	-	191,911	497,460	689,371	-	689,371	31,349,026
	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.61%	0.00%	0.00%	0.00%	0.00%	0.61%	0.00%	0.61%	1.59%	2.20%	0.00%	0.00%	2.20%	
15 - Bldg Const-General Contractors & Operati	183,817	18,429	-	-	15,366,094	51,725	-	-	-	-	-	15,549,912	70,154	15,620,066	1,546,109	17,166,175	8,866,213	26,032,388	48,121,053	
	0.38%	0.04%	0.00%	0.00%	31.93%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	32.31%	0.15%	32.46%	3.21%	35.67%	18.42%	54.10%		
16 - Heavy Const Oth Than Bldg Const-Contract	-	1,338,411	-	-	27,269,185	-	-	27,615	-	-	-	27,269,185	1,366,026	28,635,211	5,426,112	34,061,323	-	34,061,323	145,597,106	
	0.00%	0.92%	0.00%	0.00%	18.73%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	18.73%	0.94%	19.67%	3.73%	23.39%	0.00%	23.39%		
17 - Const-Special Trade Contractors	2,038,166	1,947,790	881,785	198,742	34,027,027	3,967,486	269,202	-	220,959	-	37,437,138	6,114,018	43,551,156	12,686,515	56,237,671	136,263	56,373,934	89,380,323		
	2.28%	2.18%	0.99%	0.22%	38.07%	4.44%	0.30%	0.00%	0.25%	0.00%	41.89%	6.84%	48.73%	14.19%	62.92%	0.15%	63.07%			
27 - Printing, Publishing & Allied Industries	-	-	-	9,676	7,961	6,040	-	-	-	-	7,961	15,716	23,676	910,210	933,887	73,692	1,007,578	2,932,935		
	0.00%	0.00%	0.00%	0.33%	0.27%	0.21%	0.00%	0.00%	0.00%	0.00%	0.27%	0.54%	0.81%	31.03%	31.84%	2.51%	34.35%			
42 - Motor Freight Transportation & Warehousi	13,918,335	70,003	-	-	2,911,749	24,468	-	-	-	-	16,830,083	94,471	16,924,554	1,882,557	18,807,111	-	18,807,111	23,045,725		
	60.39%	0.30%	0.00%	0.00%	12.63%	0.11%	0.00%	0.00%	0.00%	0.00%	73.03%	0.41%	73.44%	8.17%	81.61%	0.00%	81.61%			
45 - Transportation By Air	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122,866	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
47 - Transportation Svcs	54,341	-	-	-	-	-	-	-	-	-	54,341	-	54,341	258,856	313,197	-	313,197	1,454,999		
	3.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.73%	0.00%	3.73%	17.79%	21.53%	0.00%	21.53%			
48 - Communications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	298,618	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
49 - Electric, Gas & Sanitary Svcs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	648,137	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
60 - Depository Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,990,902	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
62 - Security & Commodity Brokers, Dirs, Exch	6,061	-	3,180	-	1,061	-	-	-	-	-	10,302	-	10,302	-	10,302	4,277	14,579	3,199,483		
	0.19%	0.00%	0.10%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.32%	0.00%	0.32%	0.00%	0.32%	0.13%	0.46%			
63 - Insurance Carriers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	800	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
64 - Insurance Agents, Brokers & Service	-	-	-	-	-	-	-	126	-	-	-	126	126	63,516	63,642	-	63,642	568,548		
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.02%	0.02%	11.17%	11.19%	0.00%	11.19%			
65 - Real Estate	-	11,474	-	-	-	-	-	-	-	-	-	11,474	11,474	117,347	128,821	312,639	441,461	751,156		
	0.00%	1.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.53%	1.53%	15.62%	17.15%	41.62%	58.77%			
72 - Personal Svcs	1,650	-	-	-	-	-	-	-	-	-	1,650	-	1,650	-	1,650	-	1,650	1,874,015		
	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.09%	0.00%	0.09%	0.00%	0.09%			
73 - Business Svcs	5,349,197	23,276,559	6,381,999	2,879,955	3,203,513	806,724	109,858	56,997	-	-	15,044,567	27,020,235	42,064,802	13,117,500	55,182,302	823,673	56,005,975	124,230,842		
	4.31%	18.74%	5.14%	2.32%	2.58%	0.65%	0.09%	0.05%	0.00%	0.00%	12.11%	21.75%	33.86%	10.56%	44.42%	0.66%	45.08%			
75 - Automotive Repair, Svcs & Parking	-	-	-	-	133,753	12,605	-	-	-	-	133,753	12,605	146,358	-	146,358	-	146,358	1,555,289		
	0.00%	0.00%	0.00%	0.00%	8.60%	0.81%	0.00%	0.00%	0.00%	0.00%	8.60%	0.81%	9.41%	0.00%	9.41%	0.00%	9.41%			
76 - Misc Repair Svcs	-	-	-	-	2,100	-	-	-	-	-	2,100	-	2,100	-	2,100	-	2,100	7,165,020		
	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.03%	0.00%	0.03%	0.00%	0.03%			
80 - Health Svcs	-	-	-	383,176	-	20	-	-	-	-	-	383,196	383,196	-	383,196	-	383,196	1,004,664		
	0.00%	0.00%	0.00%	38.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.14%	38.14%	0.00%	38.14%	0.00%	38.14%			
81 - Legal Svcs	50,549	119,387	678,982	517,028	92,781	-	-	-	-	-	822,312	636,415	1,458,727	1,435,439	2,894,165	-	2,894,165	9,222,148		
	0.55%	1.29%	7.36%	5.61%	1.01%	0.00%	0.00%	0.00%	0.00%	0.00%	8.92%	6.90%	15.82%	15.57%	31.38%	0.00%	31.38%			
82 - Educational Svcs	-	-	-	-	-	-	-	-	-	-	-	-	-	938	938	-	938	102,476		
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.92%	0.92%	0.00%	0.92%			
83 - Social Svcs	-	-	-	-	1,632,883	-	-	-	-	-	1,632,883	-	1,632,883	-	1,632,883	-	1,632,883	3,722,072		
	0.00%	0.00%	0.00%	0.00%	43.87%	0.00%	0.00%	0.00%	0.00%	0.00%	43.87%	0.00%	43.87%	0.00%	43.87%	0.00%	43.87%			
87 - Engrg, Accounting, Research, Mgmt & Rela	847,469	321,894	2,819,886	123,776	1,718,893	661,834	4,250,385	-	-	25,925	9,636,633	1,133,428	10,770,061	19,334,999	30,105,061	184,925	30,289,986	86,992,375		
	0.97%	0.37%	3.24%	0.14%	1.98%	0.76%	4.89%	0.00%	0.00%	0.03%	11.08%	1.30%	12.38%	22.23%	34.61%	0.21%	34.82%			
89 - Svcs, Not Elsewhere Classified	-	632	66,436	13,709	54,865	13,214	-	-	-	-	121,301	27,555	148,856	3,910,128	4,058,984	-	4,058,984	14,384,167		
	0.00%	0.00%	0.46%	0.10%	0.38%	0.09%	0.00%	0.00%	0.00%	0.00%	0.84%	0.19%	1.03%	27.18%	28.22%	0.00%	28.22%			
99 - Nonclassifiable Establishments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	695,903	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Services Procurement	22,449,585	27,104,579	10,832,267	4,126,061	86,927,926	5,544,116	4,819,356	84,738	220,959	25,925	125,250,094	36,885,418	162,135,511	61,187,686	223,323,198	10,401,681	233,724,879	601,464,534		
	3.73%	4.51%	1.80%	0.69%	14.45%	0.92%	0.80%	0.01%	0.04%	0.00%	20.82%	6.13%	26.96%	10.17%	37.13%	1.73%	38.86%			

A8 9.1.10A - Annual Fuels for Non-Generation Product Results by Ethnicity

Product	Unit	Asian Pacific			African American			Hispanic American			Native American ³			Other			Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	TOTAL WMDVBE	TOTAL	
		Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal						
NATURAL GAS	SHORT TERM	\$ ^{2,3}	\$-	\$72,497,807	\$72,497,807	\$90,182,522	\$45,007,981	\$135,190,503	\$20,649,574	\$-	\$20,649,574	\$48,073,283	\$-	\$48,073,283	\$-	\$-	\$-	\$276,411,167	\$-	\$-	\$276,411,167	\$1,316,135,054
		% ^{1,2}	0	3.56%	3.56%	4.43%	2.21%	6.64%	1.01%	0	1.01%	2.36%	0	2.36%	0	0	0	13.57%	0	0	13.57%	64.61%
		Billion Btu ¹	0	18,116	18,116	22,187	11,002	33,189	5,152	-	5,152	12,262	-	12,262	0	0	0	68,719	0	0	68,719	333,864
		% ¹	0	3.50%	3.50%	4.29%	2.13%	6.41%	1.00%	0	1.00%	2.37%	0.00%	2.37%	0	0	0	13.28%	0	0	13.28%	64.51%
	LONG TERM	\$ ^{2,3}	\$-	\$-	\$-	\$5,102,538	\$-	\$5,102,538	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$5,102,538	\$-	\$-	\$5,102,538	\$720,906,117
		% ^{1,2}	0	0	0	0.25%	0	0.25%	0	0	0	0	0	0	0	0	0	0.25%	0	0	0.25%	35.39%
		Billion Btu ¹	0	0	0	1,480	-	1,480	0	0	0	0	0	0	0	0	0	1,480	-	-	1,480	183,636
		% ¹	0	0	0	0.29%	0	0.29%	0	0	0	0	0	0	0	0	0	0.29%	0	0	0.29%	35.49%
	Total Natural Gas	\$ ^{2,3}	\$-	\$72,497,807	\$72,497,807	\$95,285,060	\$45,007,981	\$140,293,041	\$20,649,574	\$-	\$20,649,574	\$48,073,283	\$-	\$48,073,283	\$-	\$-	\$-	\$281,513,705	\$-	\$-	\$281,513,705	\$2,037,041,170
		% ^{1,2}	0	3.56%	3.56%	4.68%	2.21%	6.89%	1.01%	0	1.01%	2.36%	0	2.36%	0	0	0	13.82%	0	0	13.82%	100%
		Billion Btu ¹	-	18,116	18,116	23,667	11,002	34,669	5,152	-	5,152	12,262	-	12,262	-	-	-	70,199	-	-	70,199	517,500
		% ¹	0	3.50%	3.50%	4.57%	2.13%	6.70%	1.00%	0	1.00%	2.37%	0%	2.37%	0	0	0	13.57%	0	0	13.57%	100%
LPG	SHORT TERM	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
		%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Billion Btu	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	0	0	0	0
	LONG TERM	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
		%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Billion Btu	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	0	0	0	0
	Total LPG	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
		%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Billion Btu	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	0	0	0	0
Total Combined	Total \$	\$-	\$72,497,807	\$72,497,807	\$95,285,060	\$45,007,981	\$140,293,041	\$20,649,574	\$-	\$20,649,574	\$48,073,283	\$-	\$48,073,283	\$-	\$-	\$-	\$281,513,705	\$-	\$-	\$281,513,705	\$2,037,041,170	
	Total %	0	3.56%	3.56%	4.68%	2.21%	6.89%	1.01%	0	1.01%	2.36%	0	2.36%	0	0	0	13.82%	0	0	13.82%	100%	

Short Term Gas - The term of the deal is no longer than one calendar month

Long Term Gas - The term of the deal is greater than one calendar month but less than 1 calendar year

¹ Figures not exact due to rounding

² Does not include fixed costs; includes transportation costs

³ Native American includes gas from federally-recognized US tribes (sovereign nations) and Native American-owned companies

SoCalGas'

COMMITMENT TO DIVERSITY

■ **Diverse Businesses, Diverse Employees, Common Values**

WE STRIVE TO RECOGNIZE AND CELEBRATE THE DIFFERENCES IN THE ORGANIZATIONAL CULTURES WITHIN THE SEMPRA ENERGY FAMILY OF COMPANIES. WE BELIEVE INDIVIDUALS' DIVERSE CULTURES ARE ALSO CRITICAL TO OUR FUTURE SUCCESS. DIVERSITY AND INCLUSION EMPOWER EMPLOYEES AND PROMOTE COHESIVE WORKING RELATIONSHIPS THAT ARE BUILT ON THE FOUNDATION OF OUR COMMON VALUES.

■ **Diverse Workplace Definition**

IN A DIVERSE WORKPLACE, WE APPRECIATE THAT EACH INDIVIDUAL IS UNIQUE. WE ACKNOWLEDGE THAT DIVERSITY INCLUDES FACTORS SUCH AS: RACE, COLOR, NATIONAL ORIGIN, ANCESTRY, ETHNICITY, EDUCATION, AGE, MARITAL STATUS, VETERAN STATUS, SEXUAL IDENTITY AND ORIENTATION, GENDER, GENDER IDENTITY OR EXPRESSION, RELIGION, SPIRITUAL BELIEFS, CAPABILITIES (PHYSICAL/MENTAL) AND LIFE EXPERIENCES.

■ **Our Diversity Vision: Connecting People to Energy**

OUR VISION IS TO MOVE BEYOND SIMPLE TOLERANCE TO EMBRACE AND LEVERAGE THE RICH DIMENSIONS OF DIVERSITY. BY TAKING THE TIME TO LEARN ABOUT THOSE AROUND US, WE CAN ENHANCE SHAREHOLDER VALUE AND MEET CUSTOMER NEEDS BY SUSTAINING THE FINANCIAL STRENGTH, OPERATIONAL FLEXIBILITY AND SKILLED WORKFORCE NEEDED TO SUCCEED IN RAPIDLY CHANGING GLOBAL MARKET CONDITIONS. WE WILL DELIVER STRONGER BUSINESS RESULTS BY ENSURING OUR EMPLOYEES CONTRIBUTE TO THEIR FULL POTENTIAL BY TAPPING INTO DIVERSE THOUGHTS, TALENTS, AND BACKGROUNDS. AT THE CORE, DIVERSITY AND INCLUSION AT SEMPRA IS ABOUT CONNECTING PEOPLE TO ENERGY.



A  Sempra Energy utility®

Glad to be of service.®

SOCALGAS SUPPLIER DIVERSITY PROGRAM

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