

Supplier Diversity

2014 | 2015

ANNUAL REPORT | ANNUAL PLAN



Together, Building
a Better California

**BEFORE THE PUBLIC
UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Order Instituting Rulemaking
Into Implementation of Public Utilities
Code Sections 8281-8286
Relating to Women-, Minority- and
Service-Disabled Veteran-Owned
Business Enterprises R. 91-02-0111

**PACIFIC GAS AND ELECTRIC
COMPANY (U 39 M)**

Annual Women-, Minority- and
Service-Disabled Veteran-Owned
Business Enterprises Report for
Calendar Year 2014

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2014 ANNUAL REPORT

Letter from the President

PG&E Supplier Diversity Commitment

Diversity is one of the cornerstones of PG&E's success in our mission to provide safe, reliable and affordable energy to the nearly 16 million people we serve. At the heart of our commitment to diversity is our Supplier Diversity program, which helps provide vital opportunities for a growing number of businesses owned by women, minorities, service-disabled veterans and LGBT individuals. By helping these companies thrive, PG&E is not only reflecting the diversity of our customers, we are strengthening our service, and we are investing in our communities and California's economy at the same time.

Diversity is not a new idea at PG&E—we have worked diligently for 34 years to build the Supplier Diversity program that we celebrate today. As evidence of the program's ongoing success, we maintained our spending last year at levels on par with the strongest in our history. Our spending with diverse businesses increased from \$300 million 10 years ago to more than \$2 billion in 2014—astronomical growth that shows both the wealth of potential these efforts represent, and the strength and capabilities of the diverse companies with whom we do business.

Yet even with our progress, we are aiming to do more, including enhancing our Technical Assistance Program to further support the development of small and diverse suppliers. We are also working with our prime suppliers to expand opportunities for diverse firms as business solution partners and subcontractors.

We are proud to report on the success and evolution of this program, which reflects and celebrates our diversity, increases economic vitality in our communities and improves the quality and cost-effectiveness of our supply chain. Together, with the high quality of goods and services provided by our diverse suppliers, we are building a better California.

Chris Johns
President
Pacific Gas and Electric Company



Results Summary and Highlights

This is Pacific Gas and Electric Company's (PG&E) annual report to the California Public Utilities Commission (CPUC) on its progress in procuring goods and services from diverse suppliers.

In 2014, PG&E again exceeded the two billion dollar supplier diversity milestone, spending more than \$2.1 billion with diverse suppliers, or 40.9 percent of its total procurement. This is the third consecutive year that PG&E has exceeded the two billion dollar mark, an accomplishment achieved by only a handful of corporations in the nation.

For nine consecutive years, PG&E has exceeded the CPUC's women, minority and service-disabled veteran business enterprise (WMDVBE) goal of 21.5 percent. In the last two years alone, PG&E's performance was nearly double this diverse supplier spend goal.

The company spent an overall \$5.2 billion in 2014 on products and services to ensure safe, reliable and affordable service to its customers. This represented a decrease of \$343 million, or 6.2 percent, when compared to the previous year. Total spend decreased in 2014 due to the completion of key projects, many with significant diverse supplier participation. Nevertheless, PG&E was able to sustain its supplier diversity performance at more than \$2 billion, 41 percent of its total spend.

By sustaining its 40-plus percent performance and by strengthening the quality of its supplier diversity program initiatives and diverse supply base, PG&E reinforces its commitment to an inclusive supply chain and to the economic development of the California communities it serves.

PG&E's Success in 2014

Continued focus on strategic sourcing, competitive bidding and supplier development enabled PG&E to exceed the CPUC goals by more than 19 percentage points, even as major WMDVBE-supported projects were completed.

- Total minority business enterprise (MBE) spend of \$1.4 billion exceeded the CPUC MBE goal by \$591 million or 11.4 percentage points.
- Total non-minority women business enterprise (WBE) spend of \$621 million exceeded the CPUC WBE goal by \$364 million or 7.0 percentage points.
- Service-disabled veteran business enterprise (DVBE) spend reached an all-time high of 2.4 percent or \$125 million in 2014. This exceeded the CPUC DVBE goal by \$48 million.
- More than \$1 billion or close to 20 percent of PG&E's total spend was with women-owned businesses (includes minority and non-minority women spend).

PG&E's Five- and Ten-Year Spending Trend with WMDVBES

PG&E spending with diverse businesses has grown leaps and bounds over the past 10 years. In the past five years, PG&E nearly doubled its annual spend with WMDVBES, while in the past decade, the spend has increased by more than \$1.7 billion, a 488 percent increase.

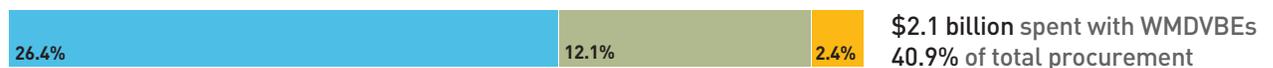
Ten Years Ago (2005)



Five Years Ago (2010)



Today (2014)



Description of Internal and External Program Activities (Sec. 9.1.1)

A description of WMDVBE activities engaged in during the previous calendar year

INTERNAL PROGRAM ACTIVITIES

Supplier Diversity Program Resources and Team Structure

The PG&E Supplier Diversity Program supports the company in its mission to include women, minority and service-disabled veteran business enterprises (WMDVBE) in the supply chain. PG&E has also included lesbian, gay, bisexual and transgender business enterprises (LGBTBEs), certified by the National Gay and Lesbian Chamber of Commerce, in its Supplier Diversity Program since 2012. The director of Supplier Diversity and Sustainability leads PG&E's supplier diversity and sustainability programs and is supported by a team of supplier diversity managers, expert and senior consultants, as well as supply chain sustainability professionals. The director reports to the vice president of Supply Chain.

The Supplier Diversity team partnered with the sourcing organization, line of business (LOB) officers and their appointed Supplier Diversity LOB Champion to develop and implement strategies and programs to strengthen WMDVBE and LGBTBE participation in PG&E's business. The Supplier Diversity team's responsibilities include:

- Establishing officer- and director-level supplier diversity goals for each LOB
- Tracking and reporting supplier diversity spend results
- Leading cross-functional teams to achieve supplier diversity goals
- Developing and implementing WMDVBE and LGBTBE business development strategies with internal stakeholders
- Responding to WMDVBE and LGBTBE prospective supplier inquiries
- Managing internal and external stakeholder issues
- Developing supplier diversity communications and training plans
- Managing technical assistance and supplier development
- Improving processes and project management
- Coordinating supplier diversity outreach events
- Engaging with community-based supplier diversity organizations
- Ensuring compliance to General Order 156

Employee Education

PG&E continued to educate and engage its employees about the Supplier Diversity Program's mission, goals and initiatives throughout the year. In 2014, this was accomplished using multiple channels and methods, including:

Training

Supplier Diversity team members conducted formal and informal trainings throughout the company to offer counsel and assistance to employees.

The Supplier Diversity team trained newly-appointed Supplier Diversity LOB Champions on their key role as drivers of supplier diversity efforts and results achievement within their line of business. This included education on how to drive accountability, uncover potential diversity opportunities and support the competitive success of WMDVBES and LGBTBES. Supplier Diversity team members showed Champions how to identify specific diversity opportunities through value chain and spend data analysis. Several training sessions were focused on supporting upcoming projects, while other sessions covered how to find diverse suppliers in a range of product and service spend areas and how to work with direct suppliers to optimize diverse subcontracting. The Supplier Diversity team also trained employees on including supplier diversity contract language and plan details in Requests for Proposal.

Internal and External Websites

In 2014, PG&E's Supplier Diversity team continued to utilize its internal and external websites to distribute information on PG&E's Supplier Diversity Program. The websites provide beneficial resources to support supplier diversity goals, contract opportunities, upcoming outreach events, new team members and more.

PG&E's external website provides suppliers with valuable information on its Supplier Diversity Program and steps to doing business with PG&E. In addition to its Supplier Code of Conduct and Supplier Qualification Manual, WMDVBES and LGBTBES can find information about PG&E's Technical Assistance Program, Prime Supplier Program, CPUC diverse business certification, a list of PG&E supplier diversity representatives and a comprehensive set of answers to frequently asked questions. A section of the website, "Diverse Suppliers Go Green," includes resources and tools to help WMDVBES and LGBTBES advance sustainable business practices and gain a competitive edge.

The Supplier Diversity Calendar of Events continues to be a valuable component of the external website. Updated monthly, the annual calendar lists supplier diversity outreach events, technical assistance trainings and other opportunities to meet with PG&E representatives throughout the year.

The Supplier Diversity Program's quarterly newsletter, *Powered by Diversity*, also continues to be a key vehicle for communicating supplier diversity information on the external website. The newsletter is published on a quarterly basis and communicated to internal and external stakeholders. It features new information on diverse suppliers, best practices, success stories, recent activities and more.

PG&E's enterprise-wide internal website shares a wide range of company and product news, industry features and officer messages to its approximately 20,000 employees. During the year, *The Bulletin*, or top news section of PG&E's home page, featured prominent supplier diversity success stories. These online news briefs provide educational information about supplier diversity accomplishments, new endeavors, outreach events, recognition and training.

The Supplier Diversity internal website also keeps employees updated on PG&E's supplier diversity program initiatives and processes. The website provides sourcing tools as well as information on how to contact the Supplier Diversity team and find WMDVBES and LGBTBEs. In addition to the latest General Order 156 annual report, the website provides the company's supplier diversity history, definitions and information on the certifying agencies that PG&E recognizes.

Key Meetings and Conferences

Supplier diversity continued to be a strategic initiative discussed at PG&E meetings and conferences in 2014. PG&E highlighted supplier diversity goals and key initiatives in its LOB team meetings and bi-monthly Supplier Diversity LOB Champion meetings.

PG&E also held its ninth annual Supplier Conference, an event that celebrates and recognizes the collaboration between PG&E and its prime suppliers. Four out of the eight winners recognized during the supplier awards ceremony were WMDVBES. In addition, the conference educated suppliers on key PG&E initiatives such as supplier code of conduct, safety requirements and supplier diversity.

Executive-level meetings were held between supply chain leadership and the leadership of various LOBs to discuss supplier diversity results and gap-closing plans. Throughout 2014, PG&E's leadership reiterated the call for all employees to support company efforts to achieve its supplier diversity spending goals through innovative inclusion strategies. Supplier Diversity, Sourcing and LOB team members held meetings on a regular basis to ensure diverse suppliers were included in the company's high spend projects. The topic of supplier diversity continued to be a recurring talking point in external events that included officer-level speeches and panel discussions.

Employee Recognition

Throughout the year, the Supplier Diversity team recognized its LOB Champions, Sourcing team members and other key personnel for their noteworthy contributions to building PG&E's supplier diversity success. Recognition included certificates of appreciation, acknowledgment of their contributions during LOB Champion meetings and awards presented at various company meetings.

At the 2014 Supplier Diversity Achievement Awards, PG&E officers presented special supplier diversity awards to employees with exceptional 2013 supplier diversity performance. PG&E's President, Chris Johns, recognized one individual with the "President's Award" for best exemplifying role-model leadership in supplier diversity. Other individuals and teams received awards for implementing best practices in the course of producing excellent supplier diversity results. As the event's keynote speaker, National Basketball Association legend and MBE owner, Earvin "Magic" Johnson, shared his experiences as an entrepreneur and commended PG&E's industry-leading supplier diversity efforts.

Coverage of Results

PG&E utilized multiple channels to communicate its supplier diversity results to internal and external stakeholders in 2014. After filing the company's Supplier Diversity 2013 Annual Report and 2014 Plan, PG&E distributed the report internally to Supplier Diversity LOB Champions, officers and other employees. The report was also distributed externally to the company's community partner organizations, as well as other California utilities and suppliers.

Numerous local and national news outlets, including *The Wall Street Journal*, published articles regarding PG&E's new record of \$2.3 billion spend with WMDVBes. An article in the company's *PG&E@Work Bulletin*, an internal online publication, featured a front-page story on the company's record-breaking \$2.3 billion spend with diverse suppliers in 2013. *Currents*, the company's online publication for news and perspectives from PG&E, also published numerous stories throughout the year regarding supplier diversity. As with previous years, PG&E also published year-end results in its online *Powered by Diversity* newsletter produced by the Supplier Diversity team.

PG&E also prepared supplier diversity results and an update on current progress for the annual PG&E Board of Directors' Public Policy Committee meeting. The Public Policy Committee regularly reviews policies and practices for the company's key initiatives, including supplier diversity.

In addition to coverage of year-end supplier diversity results, PG&E continued to communicate supplier diversity performance throughout the year. PG&E's president held his direct reports accountable for supplier diversity performance. Supplier diversity results were tracked in key business metrics and shared with senior management on a monthly basis. LOBs performing below goal were requested to provide a variance explanation that included actions to close the gap.

At bi-monthly Supplier Diversity LOB Champion meetings, various LOB champions provided updates on monthly performance as well as shared key accomplishments and best practices. These cross-functional meetings, led by the director of Supplier Diversity and Sustainability, included the senior vice president of Safety and Shared Services, vice president of Supply Chain and representatives from Supplier Diversity, Sourcing and the LOBs.

Supplier Diversity results were available company-wide through the company's supplier diversity reporting systems. The Supplier Diversity team also responded to numerous ad hoc requests for data and analytics on an ongoing basis. PG&E recognizes the importance of management review of metrics in driving performance, and continues to leverage reports to review processes that support goal achievement.

DVBE Program

In 2014, PG&E achieved a new record of 2.4 percent spend with DVBEs. This represents the fifth consecutive year that PG&E has exceeded the CPUC DVBE goal of 1.5 percent. PG&E achieved these results by maintaining a steadfast focus on DVBE participation.

The importance of reaching the DVBE goal was discussed at the company's monthly Supplier Diversity LOB Champion meetings. In addition, PG&E continued convening the Victory March team, a cross-functional team comprised of Supplier Diversity and Sourcing team members focused on closing potential gaps to goals. Detailed DVBE profiles were updated and shared with the Sourcing organization in efforts to match supplier capabilities with PG&E opportunities.

In 2014, three DVBE suppliers were active participants in PG&E's formal Supplier Development Program, receiving cross-functional team support and executive mentorship.

Subcontracting—Prime Supplier Participation Program

See Sec. 9.1.5 Summary of Utilization of WMDVBE Subcontractors for details.

WMDVBE Supplier Verification

Throughout the year, PG&E reviews the CPUC Supplier Clearinghouse database to verify the certification of its WMDVBEs. The Supplier Diversity team continued to conduct certification workshops for WMDVBEs and LGBTBEs as part of its curriculum on how to do business with PG&E. At each workshop, the team explained General Order 156 and the advantages of being certified by the CPUC Supplier Clearinghouse. PG&E's Supplier Diversity team also made certification presentations to help employees become more knowledgeable on the subject and be better able to work with WMDVBEs and LGBTBEs to facilitate their certification.

PG&E continued to conduct webinar trainings, both monthly and on an as-needed basis, to educate prime suppliers about CPUC Supplier Clearinghouse certification for WMDVBE subcontractors. This certification and reporting training ensured prime suppliers understood the certification rules and processes that would apply to their reporting of supplier diversity subcontracting results.

Technical Assistance and Capacity Building

Joint Utility Multi-Tier Technical Assistance Program

In 2014, PG&E strengthened its support of a broad range of supplier diversity technical assistance and capacity building initiatives, many of these in collaboration with different community organizations. Adhering to the Joint Utility’s Multi-Tiered Technical Assistance and Capacity Building Program adopted by the Commission in 2011, PG&E’s formal Technical Assistance Program (TAP) continues to offer industry-leading training to a broad base of WMDVBES and LGBTBES. The program divides the provision of technical assistance into three tiers.

Tier 1: Smaller WMDVBES and LGBTBES	Tier 2: Midsize WMDVBES and LGBTBES	Tier 3: Advanced Technology and Emerging Market WMDVBES and LGBTBES
1-3 years experience, less than \$1M revenue	3+ years experience, revenue more than \$1M	5+ years experience, demonstrated readiness to grow
Supplements small business development offerings provided by existing organizations such as SBA, MBDA, SBDCs and community colleges	Provides business management skills training through programs such as UCLA and University of Washington programs	Prepares for expansion into emerging technologies with the utilities through the University of California Advanced Technology Management Institute

Tier One is designed so that the utilities support and leverage the numerous existing programs for start-up, micro and small business training and incubation. Tier Two is designed to support the mid-stage, midsize WMDVBES and LGBTBES that are ready to work on their growth strategy and strengthen their infrastructure. Tier Three targets already strong and successful WMDVBES and LGBTBES that can succeed in the utilities’ emerging technology supply chains.

Diverse Business Workshops (supports Tier 1, 2 TAP)

PG&E continued to strengthen its partnerships in 2014 with expert organizations to develop diverse business workshops and training programs related to leadership excellence, business management, access to capital, business growth strategies, microenterprise business development, doing business with the utilities, etc.

Small Business Administration Workshop Partnerships

PG&E partnered with the U.S. Small Business Administration (SBA) to organize a series of successful, capacity-building workshops and training seminars throughout Northern and Central California. SBA is the only federal agency solely dedicated to providing loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses.

In 2014, PG&E sponsored four SBA-partnered workshops across its service territory—Sacramento, San Luis Obispo and San Francisco. PG&E collaborated with the SBA, U.S. Department of Commerce's Minority Business Development Agency (MBDA), Small Business Development Center (SBDC) and Service Corps of Retired Executives (SCORE) to conduct the trainings. Agenda topics varied in each workshop and included: "How to Do Business with PG&E," "How to Become a Well-Run Business," "Money Matters—Reading Business Financials," and "Broadening Your Business Base." PG&E representatives were on hand at each workshop to discuss potential contract opportunities.

Access to Capital and Business Growth Conference

PG&E was once again a cornerstone sponsor of the annual *Bay Area Capital Connections Conference* presented by the Alliance for Community Development. Since 2006, the Bay Area Capital Connections Conference series has supported diverse Bay Area entrepreneurs and leveraged their talent to build economic growth and a more inclusive economy. The conference's agenda included topics on market opportunities in an economy with a diverse majority, access to capital, and a live entrepreneur pitch event to actual investors.

Diverse Business Development Training Scholarships (supports Tier 1, 2 TAP)

PG&E worked with a number of universities to provide robust management development and business growth training programs for diverse entrepreneurs and businesses.

UCLA Management Development for Entrepreneurs (MDE) Program

In 2014, PG&E sponsored five WMDVBES to attend the UCLA MDE Program. The MDE Program is an intensive certificate program offered to owners and managers of entrepreneurial businesses to help them develop their management skills and strengthen their ability to build effective organizations. The entrepreneurs devote four to 10 days to attend courses taught by the Anderson School of Business' award-winning faculty, including Senior Associate Dean and Professor, Dr. Al Osborne.

University of Washington Minority Business Executive (MBE) Program

In 2014, PG&E partnered with the University of Washington Foster School of Business' Minority Business Executive Program and provided two diverse suppliers with scholarships to attend their week-long summer program. The University of Washington launched the MBE Program to educate and increase the competitiveness of diverse businesses.

PG&E Signature TAP Initiatives (supports Tier 1, 2, 3 TAP)

PG&E's signature TAP initiatives are developed by PG&E to educate diverse suppliers on business topics that could help them gain a competitive edge. New initiatives are developed and existing initiatives are refreshed often to reflect current trends.

Diverse Suppliers are Cyber-Secure

Launched in 2014, "Diverse Suppliers are Cyber-Secure" is PG&E's newest signature TAP initiative. This initiative raises cyber-security awareness within the small and diverse business community, shares some of the risks associated with cyber-crime, as well as approaches that a small business can take to cost-effectively assess its vulnerability, and suggests some readily available resources to help small businesses reduce their risk.

In 2014, PG&E Supplier Diversity sponsored and participated in three cyber-security workshops for small and diverse businesses. Most recently, PG&E partnered with the National Association of Women Business Owners (NAWBO) in November 2014 on the workshop, "Improving Your Cyber-Security Savvy for Better Business Outcomes." PG&E participated on a panel that discussed tips to protect small and diverse businesses from cyber-attacks. Topics covered by the panel of cyber-security experts included tips on keeping websites safe and secure, protecting e-commerce sites, managing cyber-security across multiple devices, creating a security policy and leveraging best-in-class cyber-security to better position a business as a supplier.

With possibly the first cyber-security initiative in the country specifically created for the diverse business community, PG&E aims to strengthen the cyber-security platform of its diverse suppliers. Simultaneously, PG&E is helping the broader small and diverse business community become safer, more cyber-secure and more competitive.

Diverse Suppliers are Safe

The "Diverse Suppliers are Safe" initiative educates diverse suppliers on the importance of developing and improving their company's safety plans. PG&E offered an enhanced "Diverse Suppliers are Safe" program this year, conducting three workshops in 2014.

Diverse Suppliers Go Green

This signature initiative includes online resources and group-based workshops aimed at helping WMDVBES and LGBTBEs develop and implement their own environmental business strategy. In 2014, PG&E hosted three "Diverse Suppliers Go Green" workshops, both in person and via webinar.

Diverse Suppliers Go Global

This signature initiative educates and shares resources on how to evaluate and participate in the global marketplace. The initiative was enhanced in 2014 to include speakers from the White House, U.S. Foreign Commercial Service, the Center for International Trade Development, Export-Import Bank, Ebay, PayPal and the Commonwealth Foreign Exchange.

International Organization for Standardization (ISO) Certification Training

(supports Tier 2, 3 TAP)

PG&E and a woman-owned business jointly developed a program to provide WMDVBES and LGBTBES with dual ISO 9001 Business Quality Standard and ISO 14001 Environmental Standard certification training via webinars at an over 70 percent cost reduction. The program offered a free introductory webinar to educate WMDVBES and LGBTBES on the value of ISO quality certification and the competitive advantage it provides. In 2014, PG&E sponsored two of its diverse suppliers to complete their ISO 9001 and ISO 14001 certification through this program. An additional three suppliers received the introductory webinar and are considering certification training.

Trade Missions to Industry Tradeshows (supports Tier 2, 3 TAP)

In 2014, PG&E continued its technical assistance initiative to further integrate supplier diversity into industry tradeshows. Aligning with the company's efforts to refocus on its core business, the Supplier Diversity team leveraged its Sourcing team and prime suppliers to attend the following conferences:

May 20, 2014	May 20, 2014
American Gas Association Annual Operations Conference	Edison Electric Institute: 2014 Annual Supplier Diversity Conference
Pittsburg, PA Gas Operations	Charlotte, NC Electric Operations

PG&E implemented a variety of strategies to promote education and marketing for WMDVBES and LGBTBES at these conferences. These strategies included:

- Offering technical assistance scholarships to diverse suppliers to attend trade shows
- Providing one-on-one shadowing with PG&E representatives
- Contributing prime supplier networking introductions for potential diverse subcontractors

University of California Advanced Technology Management Institute (supports Tier 3 TAP)

The Advanced Technology Management Institute (ATMI) completed the bulk of their second ATMI program during 2014. Nine WMDVBES participated in the program, which concludes in February 2015. The program was launched in 2011 by PG&E and several other California utilities as an executive training initiative for mature diverse suppliers to position their businesses and compete for utility opportunities in emerging technology. The initiative is managed by UCLA's Anderson School of Business, with collaboration from UC Berkeley, UC Davis and UC San Diego.

The program, which includes a combination of mentoring, utility knowledge-sharing, and peer networking, has enabled the attending WMDVBES to transform their strategies and/or restructure, rebrand or repackage their service offerings to address potential emerging technology opportunities at the utilities. As a result of the program, some WMDVBES have identified new service or product innovations, and most have become engaged with a broader audience at their existing utility sponsor or established relationships at a broader set of utilities.

PG&E looks forward to building on these successes as ATMI prepares to conclude its second program and begin planning the third.

Supplier Development

PG&E actively supports the development of its diverse suppliers through mentorship, opportunity identification and value chain analysis. In 2014, PG&E continued to build the capacity of its diverse suppliers through its robust Technical Assistance Program and the efforts of its Supplier Diversity, Sourcing and LOB team members. Additionally, through its formal Supplier Development Program, PG&E continued to focus on supporting the competitive development of key WMDVBES within PG&E's supply chain. A new group of five WMDVBES was selected in 2014 to participate in the formal program—three WBEs, two MBEs and one DVBE. Program accomplishments can be attributed to the active participation of PG&E senior executive mentors and diverse owners committed to developing their businesses. Participants in the Supplier Development Program benefited from:

- Executive mentorship
- Cross-functional supplier development team support
- Quality certification training
- Educational scholarships to management development programs
- Detailed business analysis (i.e: strengths, weaknesses, opportunities, threats analysis)
- Customized business development plans

EXTERNAL PROGRAM ACTIVITIES

California Utilities Diversity Council and Joint Utilities Committee

California Utilities Diversity Council (CUDC)

PG&E continued its support of the CUDC, a broad-based collaboration of utilities, diverse community stakeholders and CPUC representatives. The CUDC assists the utilities, CPUC and communities in finding solutions to barriers for diversity and inclusion in procurement, employment, governance, customer service, marketing and philanthropy.

In 2014, the CUDC Procurement Committee conducted a survey of the participants in the "2013 Consulting Services Forum." The survey results show more work is needed to increase the participation of diverse consulting firms with the regulated companies and the prime consulting firms. The Committee plans to continue working with prime consulting firms to brainstorm and benchmark best practices from other industries.

PG&E also participated in the CUDC's fourth annual "Diverse Advertising and Media Outreach Forum." This event has created a network of impressive community-based, diverse-owned media outlets. As a result, utilities have observed some increase in supplier diversity participation with the agencies of record and/or tier one business relationships.

Joint Utilities (JU)

In 2014, PG&E continued to meet quarterly with the JU. The meetings were hosted by various utilities throughout the state, with PG&E hosting one quarterly meeting in June 2014 in San Francisco. Many new utilities were added to the JU's roster this year. In addition to the long-time members from the telecom, energy and wireless industries, additional water utilities participated; cable companies were more active members; and several smaller utilities joined the group.

As in the past, JU members continued to share best practices and discuss regulatory initiatives and the CPUC Clearinghouse processes. One area of focus this year was continuing to improve the CPUC Clearinghouse process and assessing the quality of their work. During quarterly JU meetings, the CPUC Clearinghouse shared data on the number and types of certifications performed, turnaround time, site visits and statistical data on suppliers certified. This analysis work resulted in the CPUC Clearinghouse adding two additional staff to meet the volume of applications and needs of improved processes.

External Activities to Increase DVBE Utilization

In 2014, PG&E hosted a number of targeted events to engage the DVBE community, provide training and connect qualified DVBEs to contracting opportunities:

- In May 2014, PG&E collaborated with one of its non-diverse consulting firms to conduct a half-day skills development pilot workshop for DVBE suppliers entitled, "Sharpening Your Business Pitch." Experienced executives from the consulting firm and PG&E presented the most current information on effective communication skills. The workshop also taught the DVBE attendees how to hone their messaging and deliver effective business pitches when meeting potential clients.
- In September 2014, PG&E hosted a DVBE-focused one-on-one business matchmaking session in San Francisco. Over 50 DVBEs attended and met with key decision-makers in PG&E's supply chain as well as 14 prime suppliers across various LOBs.

- In December 2014, PG&E hosted the second annual “Boots to Business” workshop for DVBEs in partnership with the U.S. Small Business Administration, the California Department of General Services and the San Jose Minority Business Development Agency. “Boots to Business” is a SBA program that introduces transitioning military service members to the fundamentals of small business ownership and available SBA tools and resources. Over 100 veterans attended the workshop at PG&E’s San Francisco office. The Director and Lead Counsel in PG&E’s Law Department, a recently retired Colonel in the Army Reserve, delivered the workshop’s welcoming remarks. In addition to learning about what it takes to become a PG&E supplier, attendees received information regarding California Department of General Services certifications for DVBEs and veteran-owned businesses (VOBs). Attendees also learned about SBA programs designed for DVBEs and VOBs, and how to access investment capital from first and secondary markets. The workshop concluded with a panel, where three PG&E prime suppliers briefed participants on their own supplier diversity programs and targeted efforts to work with DVBEs.

PG&E also continued to work closely with the California Disabled Veteran Business (DVB) Alliance and the Elite Service-Disabled Veteran-Owned Business (SDVOB) Network to identify DVBEs for direct and subcontracting opportunities and to participate in important business matchmaking and community outreach events.

- PG&E was a corporate sponsor of the California DVB Alliance’s 22nd Annual “Keeping the Promise Small Business Conference and Expo” held in Southern California. Supplier Diversity and PG&E Sourcing representatives participated in a business matchmaking session at this event.
- PG&E was a corporate sponsor of the 11th Annual Elite SDVOB Network National Convention of Service-Disabled Veteran-Owned Businesses in New York. PG&E participated in a panel discussion as a subject matter expert, discussing next practices in prime supplier programs. PG&E also participated in a business matchmaking session at this event.
- PG&E continued its focus on technical assistance workshops and events within Northern California by working closely with and sponsoring local events for the Northern California chapter of the SDVOB Network. PG&E presented on panels, shared contract opportunities and met with prospective DVBEs at a number of these local network organizations’ events in 2014.
- PG&E also participated in a Business Matchmaking event for small and DVBE businesses in Monterey in June 2014.

Advertising

In 2014, as part of its outreach to potential suppliers, PG&E ensured that advertisements were displayed prominently in program brochures for events it attended. PG&E's advertisement let prospective suppliers know PG&E has a very robust supplier diversity program by announcing the company's 2013 achievement of a record \$2.3 billion and 42.1 percent spent with diverse suppliers. The advertisement also highlighted PG&E's over 30-year dedication to advancing supplier diversity and helping diverse suppliers increase their competitive position.

PG&E advertised in the following diverse publications and events:

- *Bay Area Reporter*
- *Diversity/Careers in Engineering and IT*
- *Diversity Plus*
- *MBE Magazine*
- *Minority Business News USA*
- *Professional Women's Magazine*
- *Savoy Magazine*
- *Women's Enterprise USA*
- *Vetpreneur Magazine*
- *U.S. Veterans Magazine*
- Alliance for Community Development Bay Area Capital Connections Conference VII
- American Indian Chamber of Commerce of California EXPO 2014
- American Indian Chamber of Commerce of California 2014 Native American Heritage Month Luncheon
- Black Economic Council 9th Annual Urban Economic Conference
- California Black Chamber of Commerce Ron Brown Commerce Summit and Gala
- California DVB Alliance 22nd Annual Keeping the Promise Small Business Conference and Expo
- California Hispanic Chamber of Commerce 34th Annual Convention
- Edison Electric Institute 30th Annual Supplier Diversity Conference
- Elite SDVOB Network 10th Annual National Convention
- National Minority Supplier Development Council 2014 Annual Conference and Business Opportunity Fair
- Western Regional Minority Supplier Development Council Business Opportunity Fair
- Women's Business Enterprise National Council (WBENC) National Conference and Business Fair

In addition, PG&E was featured in a number of external publications that recognized the company's commitment to supplier diversity, including:

- *WBENC President's Report* shared a story regarding PG&E's efforts in leading a successful Tier 2 Program.
- *Diversity/Careers in Engineering and IT* highlighted PG&E's Director of Supplier Diversity and Sustainability and one of its MBE suppliers.
- *DyNAMC Leaders for a Changing World Magazine* featured an interview with PG&E's Director of Supplier Diversity and Sustainability in its issue highlighting women across the nation whose drive, perseverance and accomplishments deserve recognition.
- *Savoy Network* featured an article on PG&E powering supplier diversity for the future.

Stakeholder Publications

PG&E brought supplier diversity brochures to each outreach event the Supplier Diversity team attended throughout the year. The brochures included information about PG&E's Supplier Diversity Program, how to become a supplier to PG&E, how to become certified through the CPUC Supplier Clearinghouse and about sustainable supply chain resources. PG&E's annual online Corporate Responsibility and Sustainability Report also included information about supplier diversity contributions to local economic vitality.

Loan Fund

PG&E supported access to capital for MBEs. As in years past, PG&E continued as an investor in the Business Consortium Fund (BCF). The BCF is a minority business development company created by the National Minority Supplier Development Council to provide contract financing to certified MBEs through a network of local participating banks.

Conferences, Meetings, Outreach and Tradeshows

In 2014, PG&E was an active participant in local, state and national supplier diversity outreach events to meet and promote WMDVBES and LGBTBEs, to introduce prime suppliers to the WMDVBE and LGBTBE communities, and to learn and share best practices with other supplier diversity program managers. Throughout 2014, PG&E employees (including officers, directors, sourcing managers and supplier diversity professionals) engaged with the community. PG&E's prime suppliers were also invited to join the company at numerous supplier diversity outreach events. These representatives staffed event booths, attended workshops and business matchmaking events, and engaged in information exchange and business discussions with WMDVBES and LGBTBEs, local community-based and national diversity organizations. PG&E participated in over 100 supplier diversity outreach events in 2014.

Supplier Diversity Outreach Ambassador Program

To strengthen PG&E's supplier diversity outreach activities, the Supplier Diversity team recruited and trained volunteer Outreach Ambassadors from throughout the company. In 2014, an additional 35 employees signed up to represent PG&E in the community by becoming Supplier Diversity Outreach Ambassadors, growing the volunteer list to more than 195 members. Through the efforts of Outreach Ambassadors, many of whom are buyers, PG&E was able to extend its outreach to thousands of prospective WMDVBEs and LGBTBEs that came to business matchmaking sessions, visited PG&E booths or attended diverse business conferences and trade shows.

Outreach Activities

Attending WMDVBE and LGBTBE conferences, meetings, outreach events and tradeshow is a clear indication of PG&E's commitment to support the communities it serves.

An important part of PG&E's Supplier Diversity Program is to share supplier diversity best practices, to encourage other companies to embrace supplier diversity excellence, and to educate prospective and incumbent WMDVBEs and LGBTBEs on how to successfully compete to win PG&E business. Again in 2014, PG&E representatives made a number of presentations to WMDVBEs and LGBTBEs, supplier diversity advocacy organizations and at industry forums.

PG&E gave presentations at the following events:

- Golden Gate Business Association—Foundations in Leadership Excellence Workshop
- Institute for Supply Management—Annual International Supply Management Conference and Educational Exhibit
- National Minority Supplier Development Council—2014 Annual Conference and Business Opportunity Fair
- National Minority Supplier Development Council—Regional Seminar Supplier Diversity Training
- National Minority Supplier Development Council—West Coast Program Manager Seminar
- Western Regional Minority Supplier Development Council—"Diverse Suppliers Go Global" Workshop
- PG&E—2014 Gas and Electric Targeted Business Matchmaker
- PG&E—Annual Supplier Awards Dinner and Supplier Conference
- PG&E—"Diverse Suppliers Go Green" Webinar Presentation
- PG&E—"Diverse Suppliers Go Global" Workshop
- PG&E—"Diverse Suppliers are Safe" Workshop
- PG&E—DVBE Networking and Business Matchmaking Event
- PG&E—Forum on Small Businesses
- PG&E—LGBT Foundations in Leadership Excellence Workshop
- PG&E—Nuclear Generation: How to do Business with PG&E and Business Matchmaker (Diablo Canyon Power Plant)
- PG&E—Power Generation Business Matchmaker
- PG&E—Sharpening Your Business Pitch Pilot Seminar
- PG&E—Supplier Diversity: General Contracting Forum and Business Matchmaking Event

- San Francisco Small Business Week—“Diverse Suppliers Go Green” Workshop
- San Francisco Small Business Week—Panel 1 and 2: Beginning Government and Corporate Sales
- San Joaquin Hispanic Chamber of Commerce—2014 Small and Diverse Business Procurement Expo
- Small Business Administration Partnership—“Boots to Business” Veterans Business Workshop
- Small Business Administration Partnership—“Diverse Suppliers are Safe” Workshop
- Small Business Administration Partnership—Third Annual Diverse and Small Business Contracting with Public Entities Forum

PG&E also sponsored and/or participated in the following supplier diversity activities:

- Alliance for Community Development—Bay Area Capital Connections VII Conference
- Alliance for Community Development—Bay Area Capital Connections Seminar: Investing in an Inclusive Economy
- Alliance for Community Development—PROPEL Small Business Growth Program: Graduates Celebration
- American Gas Association—Annual Operations Conference
- American Gas Association/Edison Electric Institute—Customer Service Conference: Roundtable and Summit on Energy, Telco and Water Development
- American Indian Chamber of Commerce of California—Annual Native American Heritage Month Luncheon
- American Indian Chamber of Commerce of California—EXPO '14 Annual Conference
- ANEW America—Microbusiness Expo and Celebration
- ASIAN, Inc.—Minority Business-to-Business Matchmaking and Awards Gala
- ASTRA Women’s Business Alliance—Annual Expo and Matchmaker
- ASTRA Women’s Business Alliance—2014 Inaugural Astra Women’s Business Alliance S.T.E.A.M. Summit
- BusinessMatchmaking—Oakland Business Matchmaking Event
- BusinessMatchmaking—Pasadena Business Matchmaking Event
- California Asian Pacific Chamber of Commerce—State of Small Business 4th Annual Luncheon
- California Asian Pacific Chamber of Commerce—2nd Annual API Legislative Caucus Dinner and Reception
- California Black Chamber of Commerce—Legislative Reception and Policy Luncheon
- California Black Chamber of Commerce—2014 Ron Brown Commerce Summit and Gala
- California Department of Veteran Affairs—First Annual CalVet Veteran Business Forum
- California Disabled Veteran Business Alliance—Annual Summit
- California Disabled Veteran Business Alliance—Next Generation DVBE Summit Meeting
- California Disabled Veteran Business Alliance—Annual Keeping the Promise Small Business Conference and Expo
- California Department of Transportation—Stockton Area Small Business Expo
- California Hispanic Chamber of Commerce—Annual Convention and Expo
- California Hispanic Chamber of Commerce—Annual Economic Summit

- CPUC—Small Business Expo and Matchmaking Event in Southern California
- CPUC—Small Business Expo and Matchmaking Event in Northern California
- California Small Business Day in Sacramento
- California Utilities Diversity Council—2014 Marketing and Advertising Symposium
- Center for Advanced Procurement and Supply Research—Global Research for Strategic Supply Management Meeting
- Edison Electric Institute—Annual Supplier Diversity Conference
- Electric Utility Industry Sustainable Supply Chain Alliance—2014 Alliance Signature Event & Annual Meeting
- Elite Service Disabled Veteran Owned Business Network—Elite Veteran Small Business Expo 2014
- Fresno Metro Black Chamber of Commerce—Central Valley Diversity Business Expo
- Golden Gate Business Association—May MEGA Make Contact
- Golden Gate Business Association—2014 Pride Business Expo
- Golden Gate Business Association—40th Anniversary Grand Reception
- Greater Los Angeles African American Chamber of Commerce—21st Anniversary Economic Awards Dinner
- The Greenlining Institute—Annual Economic Summit
- Inner City Advisors—2014 Small Business Conference
- Institute for Supply Management—Summer Strategic Planning Meeting
- Institute for Supply Management—Winter Strategic Planning Meeting
- Latin Business Association—5th Annual Latino Business Awards
- Latino Business Journal—15th Annual Latino Leaders' Reception for Government and Corporate Leaders
- Minority Business Development Agency—"Diverse Suppliers Go Green" Workshop
- Minority Business Development Agency—"Diverse Suppliers are Safe" Workshop
- National Asian American Coalition—Annual Asian American Empowerment, Small Business Development and Homeownership Conference
- National Association of Minority Companies—2014 National Leadership Diversity Summit and Awards Ceremony
- National Association of Women Business Owners—Improving Your Cyber Security Savvy for Better Business Outcomes
- National Association of Women Business Owners—Propel Your Business Conference
- National Gay and Lesbian Chamber of Commerce—2014 National Business and Leadership Conference
- National Gay and Lesbian Chamber of Commerce—2014 Procurement Conference and National Dinner Awards
- National Minority Supplier Development Council—2014 Minority Business Leadership Awards Dinner

- North American Energy Markets Association—2014 Fall Conference
- Northern California Certified Small Businesses Association—NorCal Certified Small Business August Meeting
- Purchasing Council—Purchasing Annual Conference
- San Francisco Small Business Week—First Women in Construction Expo
- San Joaquin Hispanic Chamber of Commerce—2014 Get Connected
- Small Business Administration Partnership—Many Faces, One Dream Tour (Workshop for LGBT Firms)
- The White House Supplier Pay Initiative Meetings (July, November)
- U.S. Hispanic Chamber of Commerce—2014 Annual Conference
- U.S. Pan Asian American Chamber of Commerce—Asian American and Minority Procurement Connections
- U.S. Pan Asian American Chamber of Commerce—CelebAsian Business Opportunity Conference 2014
- U.S. Pan Asian American Chamber of Commerce—Procurement Connections and Holiday Networking Reception
- University of California, Los Angeles—Advanced Technology Management Institute, Module 1
- Walnut Creek Chamber of Commerce and Visitors Bureau—2014 East Bay Women’s Conference
- Western Regional Minority Supplier Development Council—Annual Meeting and Holiday Luncheon
- Western Regional Minority Supplier Development Council—2014 Annual Awards Gala
- Western Regional Minority Supplier Development Council—2014 Minority Business Expo and Opportunity Fair
- Women’s Business Enterprise National Council—Summit and Salute Conference
- Women’s Business Enterprise National Council—2014 National Conference and Business Fair
- Women Impacting Public Policy—ChallengeHER Conference

PG&E actively participated in the following diverse business organizations:

- Alliance for Community Development of the San Francisco Bay Area: Advisory Board
- American Indian Chamber of Commerce: Advisory Board
- Asian Business Association Los Angeles: Advisory Board
- California Asian Pacific Chamber of Commerce: Advisory Board
- California Disabled Veteran Business Alliance: Corporate Advisory Board
- California Hispanic Chamber of Commerce: Procurement Committee
- California Joint Utilities Committee: Board Member
- California Utilities Diversity Council: Corporate Member, Procurement Committee Co-Chair
- Electric Utility Industry Sustainable Supply Chain Alliance: Advisory Board
- Institute for Supply Management: Supplier Diversity Group Board Chair
- National Gay Lesbian Chamber of Commerce: Corporate Advisory Board, Procurement Committee

- National Minority Supplier Development Council: Corporate Member, Advisory Board and Strategic Planning Committee
- National Utilities Diversity Council: Advisory Board
- WE Connect International: Advisory Board Treasurer
- Western Regional Minority Supplier Development Council: Advisory Board
- Women's Business Enterprise National Council: Corporate Member and Global Business Committee

In addition to these events, PG&E's Community Affairs and Government Relations organizations also participated in a large number of diverse community activities in partnership with local organizations.

Awards and Recognition

PG&E's efforts and accomplishments in promoting diversity in areas such as community, workforce and supply chain have been widely recognized over the years. In 2014, PG&E was:

- Recognized with the 2014 Champion of Diversity Award by Latino Journal
- Ranked No. 25 in "2014 America's Top 50 Organizations for Multicultural Business Opportunities" by DiversityBusiness.com
- Named "Top 25 Supplier Diversity Companies in 2014" by HispanicBusiness.com
- Named "Top 100 Leaders in Corporate Supplier Diversity for 2014" by WE USA
- Named "2014 America's Top Corporations for Women's Business Enterprises" by Women's Business Enterprise National Council
- Named "Top 10 Corporations for Veteran-Owned Businesses for 2014" by National Veteran-Owned Business Association
- Ranked "No. 1 Top Regional Utilities for Diversity" by DiversityInc
- Named "Best Companies for Diversity" by California Black Chamber of Commerce
- Awarded "Utility Corporation of the Year" by the Western Regional Minority Supplier Diversity Council
- Awarded "Sourcing Manager of the Year" by the Western Regional Minority Supplier Diversity Council
- Awarded inaugural "Trailblazer Award" to PG&E's Director of Supplier Diversity and Sustainability by the National Minority Supplier Development Council
- Named "2014 Best of the Best Top Supplier Diversity Programs" by U.S. Veterans Magazine
- Inducted into the U.S. Hispanic Chamber of Commerce's "Million Dollar Club" for spending over \$550 million with Hispanic-owned businesses
- Named "Best of the Best" by Professional Women's Magazine
- Recognized PG&E's Director of Supplier Diversity and Sustainability with "2014 Top Influential Leaders Award" by the National Association of Minority Companies
- Recognized with "Supplier Diversity Excellence Award" by the Western Regional Minority Supplier Diversity Council

Summary of Purchases (Sec. 9.1.2)

Supplier Diversity Annual Results by Ethnicity

		Direct \$	Sub \$	Total \$	%
MEN	Asian/Pacific American	156,833,169	68,807,290	225,640,460	4.37%
	African American	256,447,924	34,537,228	290,985,152	5.64%
	Hispanic American	231,375,555	134,771,903	366,147,457	7.09%
	Native American	76,045,070	22,573,777	98,618,847	1.91%
	Total Minority Men	720,701,718	260,690,198	981,391,916	19.02%
WOMEN	Asian/Pacific American	98,263,113	31,308,907	129,572,020	2.51%
	African American	98,304,738	2,063,836	100,368,574	1.94%
	Hispanic American	83,345,523	28,020,277	111,365,800	2.16%
	Native American	17,702,806	24,267,811	41,970,617	0.81%
	Total Minority Women	297,616,180	85,660,831	383,277,011	7.43%
Minority Business Enterprise (MBE)		1,018,317,898	346,351,029	1,364,668,927	26.44%
Women Business Enterprise (WBE)		456,980,577	164,919,549	621,900,126	12.05%
Total: Women, Minority Business Enterprise (WMBE)		1,475,298,476	511,270,578	1,986,569,053	38.49%
Service-Disabled Veteran Business Enterprise (DVBE)		67,418,346	57,637,861	125,056,207	2.42%
Total WMDVBE		1,542,716,822	568,908,439	2,111,625,261	40.92%

Gross Procurement	5,160,827,029
Exclusions	-
Net Procurement	5,160,827,029

Totals may not add due to rounding.

Summary of Purchases (Sec. 9.1.2)

Supplier Diversity **Direct Procurement** by Product and Service Categories

	Products ¹		Services ²		Total ³		
	DIRECT \$	%	DIRECT \$	%	DIRECT \$	%	
MEN	Asian/Pacific American	44,552,132	3.72%	112,281,038	2.83%	156,833,169	3.04%
	African American	82,226,973	6.87%	174,220,951	4.40%	256,447,924	4.97%
	Hispanic American	148,820,784	12.43%	82,554,770	2.08%	231,375,555	4.48%
	Native American	51,980,624	4.34%	24,064,446	0.61%	76,045,070	1.47%
	Total Minority Men	327,580,513	27.35%	393,121,206	9.92%	720,701,718	13.96%
WOMEN	Asian/Pacific American	76,129,021	6.36%	22,134,092	0.56%	98,263,113	1.90%
	African American	50,888	0.00%	98,253,850	2.48%	98,304,738	1.90%
	Hispanic American	38,875,744	3.25%	44,469,778	1.12%	83,345,523	1.61%
	Native American	7,675,273	0.64%	10,027,533	0.25%	17,702,806	0.34%
	Total Minority Women	122,730,927	10.25%	174,885,253	4.41%	297,616,180	5.77%
Minority Business Enterprise (MBE)	450,311,440	37.60%	568,006,459	14.33%	1,018,317,898	19.73%	
Women Business Enterprise (WBE)	67,794,997	5.66%	389,185,580	9.82%	456,980,577	8.85%	
Total: Women, Minority Business Enterprise (WMBE)	518,106,437	43.26%	957,192,039	24.15%	1,475,298,476	28.59%	
Service-Disabled Veteran Business Enterprise (DVBE)	24,264,456	2.03%	43,153,890	1.09%	67,418,346	1.31%	
Total WMDVBE	542,370,893	45.28%	1,000,345,929	25.24%	1,542,716,822	29.89%	

Gross Procurement	5,160,827,029
Exclusions	-
Net Procurement	5,160,827,029
Total Product Procurement	1,197,719,029
Total Service Procurement	3,963,108,000
Net Procurement	5,160,827,029

¹Percentages for "Products" expenditures are WMDVBE expenditures compared to "Total Product Procurement" expenditures.

²Percentages for "Services" expenditures are WMDVBE expenditures compared to "Total Service Procurement" expenditures.

³Percentages for "Total" expenditures are WMDVBE expenditures compared to "Net Procurement" expenditures.

Totals may not add due to rounding.

Supplier Diversity **Subcontract Procurement** by Product and Service Categories

	Products		Services		Total ¹	
	SUB \$	%	SUB \$	%	SUB \$	%
MEN	Asian/Pacific American	N/A	N/A	N/A	68,807,290	1.33%
	African American	N/A	N/A	N/A	34,537,228	0.67%
	Hispanic American	N/A	N/A	N/A	134,771,903	2.61%
	Native American	N/A	N/A	N/A	22,573,777	0.44%
	Total Minority Men	N/A	N/A	N/A	N/A	260,690,198
WOMEN	Asian/Pacific American	N/A	N/A	N/A	31,308,907	0.61%
	African American	N/A	N/A	N/A	2,063,836	0.04%
	Hispanic American	N/A	N/A	N/A	28,020,277	0.54%
	Native American	N/A	N/A	N/A	24,267,811	0.47%
	Total Minority Women	N/A	N/A	N/A	N/A	85,660,831
Minority Business Enterprise (MBE)	N/A	N/A	N/A	N/A	346,351,029	6.71%
Women Business Enterprise (WBE)	N/A	N/A	N/A	N/A	164,919,549	3.20%
Total: Women, Minority Business Enterprise (WMBE)	N/A	N/A	N/A	N/A	511,270,578	9.91%
Service-Disabled Veteran Business Enterprise (DVBE)	N/A	N/A	N/A	N/A	57,637,861	1.12%
Total WMDVBE	N/A	N/A	N/A	N/A	568,908,439	11.02%

Gross Procurement	5,160,827,029
Exclusions	-
Net Procurement	5,160,827,029
Total Product Procurement	1,197,719,029
Total Service Procurement	3,963,108,000
Net Procurement	5,160,827,029

¹Percentages for "Total" expenditures are WMDVBE expenditures compared to total "Net Procurement" expenditures.

Totals may not add due to rounding.

Summary of Purchases (Sec. 9.1.2)

Table 6a: 2014 Combined Minority and Caucasian Women Procurement Results for Large Utilities (in Dollars and as a Percentage of Total Corporate Procurement)

	Minority Women	Caucasian Women	Combined Women	Total Corporate
Direct \$	\$297,616,180	\$456,980,577	\$754,596,757	\$5,160,827,029
%	5.77%	8.85%	14.62%	
Subcontracting \$	\$85,660,831	\$164,919,549	\$250,580,380	
%	1.66%	3.20%	4.86%	
Combined \$	\$383,277,011	\$621,900,126	\$1,005,177,137	
%	7.43%	12.05%	19.48%	

Table 7a: 2014 DVBE Procurement Results for Large and Small Utilities (in Dollars and as a Percentage of Total Corporate Procurement)

DVBE	%	Total Corporate
\$125,056,207	2.42%	\$5,160,827,029

Table 1a: 2014 Supplier Diversity Procurement Results for Large Utilities

	Total Procurement	MBE	WBE	DVBE	Total WMDVBE
Direct \$	\$5,160,827,029	\$1,018,317,898	\$456,980,577	\$67,418,346	\$1,542,716,822
%		19.73%	8.85%	1.31%	29.89%
Subcontracting \$		\$346,351,029	\$164,919,549	\$57,637,861	\$568,908,439
%		6.71%	3.20%	1.12%	11.02%
Combined \$		\$1,364,668,927	\$621,900,126	\$125,056,207	\$2,111,625,261
%		26.44%	12.05%	2.42%	40.92%

Totals may not add due to rounding

WMDVBE Procurement Standard Industrial Classification (SIC) Code Legend

	Major Group Description	Description of Items
07	Agricultural Services	Ornamental Shrub and Tree Services, Ornamental Floriculture
15	General Business Contractors	Industrial Buildings and Warehouses, Residential Building, other than Single-Family
17	Special Trade Contractors	Carpentry Work, Concrete, Electrical, Excavation
24	Lumber and Wood Products	Wood Poles
25	Furniture and Fixtures	Office Furniture, Metal Household Furniture
26	Paper and Allied Products	Envelopes, Coated Paper, Paper Mills
27	Printing and Publishing	Bookbinding and Related Work, Typesetting, Commercial Printing
28	Chemicals and Allied Products	Chemical Preparation, Industrial Chemicals, Paints, Varnishes
29	Petroleum and Coal Products	Lubricating Oils and Greases
30	Rubber and Misc. Plastics Products	Plastic Products, Rubber and Plastic Hoses
32	Stone, Clay and Glass Products	Concrete Products, Ready-Mixed Concrete, Cement
33	Primary Metal Industries	Primary Metal Products, Steel Pipe
34	Fabricated Metal Products	Heating Equipment, Fabricated Structural Metal, Miscellaneous Fabricated Wire Products
35	Industrial Machinery and Equipment	Mechanical Power Transmission Equipment, Steam, Gas, and Hydraulic Turbines and Turbine Generator Set Units
36	Electronic and Other Electric Equipment	Switchgear and Switchboard Apparatus, Power, Distribution, and Speciality Transformers
37	Transportation Equipment	Truck and Bus Bodies, Aircraft Engines and Engine Parts
38	Instruments and Related Products	Instruments For Measuring and Testing of Electricity and Electrical Signals
39	Miscellaneous Manufacturing Industries	Signs and Advertising Specialties, Marking Devices
42	Trucking and Warehousing	Local Trucking
45	Transportation by Air	Air Transportation

	Major Group Description	Description of Items
46	Pipelines, Except Natural Gas	Pipelines
47	Transportation Services	Arrangement of Transportation of Freight and Cargo
48	Communications	Telephone Communications, Communications Services
49	Electric, Gas and Sanitary Services	Refuse Systems, Electric Services (Hydroelectric Power Generation)
50	Wholesale Trade-Durable Goods	Electrical Apparatus and Equipment, Wiring Supplies and Construction Materials, Computers
51	Wholesale Trade-Nondurable Goods	Petroleum and Petroleum Products Wholesalers, Stationery and Office Supplies
52	Building Materials and Garden Supplies	Hardware Stores, Lumber and Other Building Materials
55	Automotive Dealers and Service Stations	Motor Vehicle Dealers
56	Apparel and Accessory Stores	Miscellaneous Apparel and Accessory Stores
58	Eating and Drinking Places	Eating and Drinking Places
63	Insurance Carriers	Fire, Marine and Casualty Insurance
65	Real Estate	Real Estate Agents Managers
72	Personal Services	Hotels and Motels
73	Business Services	Help Supply Services, Computer Programming Services, Advertising Agencies
75	Auto Repair, Services and Parking	Top, Body and Upholstery Repair Shops and Paint Shops, Automotive Repair Shops
76	Miscellaneous Repair Services	Electrical and Electronic Repair Shops
78	Motion Pictures	Motion Picture and Video Tape Production
80	Health Services	Offices and Clinics Of Doctors Of Medicine
81	Legal Services	Law Firms
87	Engineering and Management Services	Engineering Services, Accounting, Auditing, and Bookkeeping Services, Management Consulting Services

Supplier Diversity Procurement by Standard Industrial Classification (SIC) Code—Detail (9.1.2)

	Asian/Pacific American		African American		Hispanic American		Native American		Total Minority Men	Total Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Total: Women, Minority Business Enterprise (WMBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Total WMBE	Total Exp
	Men	Women	Men	Women	Men	Women	Men	Women								
07 Agricultural Services	\$	\$4,726,725	\$3,223,481	\$1,035,566	\$0	\$16,339,553	\$808,760	\$592,723	\$0	\$4,032,462	\$26,727,029	\$21,374,175	\$48,101,205	\$2,686,346	\$50,787,550	\$229,321,762
	%	2.0%	1.41%	0.45%	0%	7.13%	0.35%	0.26%	0%	1.76%	11.65%	9.32%	20.98%	1.17%	22.15%	
15 General Business Contractors	\$	\$3,227,124	\$736,869	\$23,531,641	\$255,493	\$77,730,902	\$14,937,717	\$8,673,956	\$18,134,189	\$34,064,269	\$147,227,892	\$116,414,159	\$263,642,051	\$48,119,915	\$311,716,966	\$736,760,022
	%	0.4%	0.10%	3.19%	0.03%	10.55%	2.83%	1.18%	2.4%	4.62%	19.98%	15.80%	35.78%	6.53%	42.32%	
17 Special Trade Contractors	\$	\$388,250	\$40,964	\$77,893	\$0	\$23,177,664	\$3,314,953	\$21,688,211	\$1,743,972	\$5,099,890	\$50,431,908	\$48,488,580	\$118,920,489	\$19,507,344	\$138,427,833	\$79,649,853
	%	0.14%	0.01%	0.03%	0%	8.29%	1.19%	7.76%	0.62%	1.82%	18.03%	24.49%	42.52%	6.98%	49.50%	
24 Lumber and Wood Products	\$	\$470,760	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,707,600	\$4,707,600	\$942,294	\$1,413,054	\$0	\$1,413,054	\$11,776,174
	%	4.00%	0%	0%	0%	0%	0%	0%	0%	4.00%	4.00%	8.00%	12.00%	0%	12.00%	
25 Furniture and Fixtures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,893	\$39,893	\$0	\$39,893	\$1,173,920
	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3.40%	3.40%	0%	3.40%	
26 Paper and Allied Products	\$	\$0	\$0	\$0	\$0	\$0	\$977,209	\$0	\$0	\$977,209	\$977,209	\$0	\$977,209	\$0	\$977,209	\$1,570,023
	%	0%	0%	0%	0%	0%	62.24%	0%	0%	62.24%	62.24%	0%	62.24%	0%	62.24%	
27 Printing and Publishing	\$	\$1,027,983	\$99,013	\$0	\$0	\$95,710	\$234,187	\$7,225,894	\$0	\$3,333,200	\$8,682,787	\$3,471,521	\$12,154,308	\$0	\$12,154,308	\$116,493,024
	%	0.88%	0.08%	0%	0%	0.08%	0.20%	6.20%	0%	0.29%	7.45%	2.98%	10.43%	0%	10.43%	
28 Chemicals and Allied Products	\$	\$83,389	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$83,389	\$83,389	\$438,944	\$522,333	\$0	\$522,333	\$16,521,349
	%	0.50%	0%	0%	0%	0%	0%	0%	0%	0.50%	0.50%	2.66%	3.16%	0%	3.16%	
29 Petroleum and Coal Products	\$	\$0	\$0	\$0	\$0	\$10,480	\$0	\$0	\$0	\$10,480	\$10,480	\$0	\$10,480	\$0	\$10,480	\$86,341
	%	0%	0%	0%	0%	12.14%	0%	0%	0%	12.14%	12.14%	0%	12.14%	0%	12.14%	
30 Rubber and Misc. Plastics Products	\$	\$0	\$0	\$0	\$0	\$1,408,736	\$707,059	\$0	\$0	\$2,517,795	\$2,517,795	\$2,517,170	\$4,632,945	\$33,890	\$4,666,835	\$33,715,666
	%	0%	0%	0%	0%	4.18%	2.10%	0%	0%	4.18%	6.28%	7.47%	13.74%	0.10%	13.84%	
32 Stone, Clay and Glass Products	\$	\$0	\$0	\$0	\$0	\$0	\$800,725	\$0	\$16,500	\$817,225	\$817,225	\$58,869	\$876,094	\$0	\$876,094	\$10,729,142
	%	0%	0%	0%	0%	0%	7.46%	0%	0.15%	7.62%	7.62%	0.55%	8.17%	0%	8.17%	
33 Primary Metal Industries	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104,729	\$104,729	\$0	\$104,729	\$719,568
	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	14.55%	14.55%	0%	14.55%	
34 Fabricated Metal Products	\$	\$9,557,061	\$27,411	\$0	\$0	\$4,806,620	\$164,364	\$0	\$0	\$9,721,424	\$14,528,044	\$38,199	\$14,566,243	\$0	\$14,566,243	\$34,862,406
	%	27.41%	0%	0%	0%	13.79%	0.47%	0%	0%	27.89%	41.67%	0.11%	41.78%	0%	41.78%	
35 Industrial Machinery and Equipment	\$	\$4,851,916	\$0	\$34,809,359	\$0	\$9,386,846	\$3,545,378	\$242,289	\$0	\$3,545,378	\$52,835,788	\$27,146,156	\$79,981,944	\$235,788	\$80,217,732	\$237,507,446
	%	2.04%	0%	14.66%	0%	3.95%	1.49%	0.10%	0%	1.49%	22.25%	11.43%	33.68%	0.10%	33.77%	
36 Electronic and Other Electric Equipment	\$	\$3,144,852	\$1,420,142	\$413,176	\$0	\$70,255	\$0	\$0	\$3,628,283	\$1,420,142	\$5,048,425	\$5,814,590	\$10,863,016	\$29,830	\$11,092,846	\$76,536,013
	%	4.11%	1.86%	0.54%	0%	0.09%	0%	0%	4.74%	1.86%	6.00%	7.60%	14.19%	0.03%	14.49%	
37 Transportation Equipment	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$51,734,441	\$0	\$51,734,441	\$51,734,441	\$0	\$51,734,441	\$7,426,280	\$59,160,721	\$59,756,976
	%	0%	0%	0%	0%	0%	0%	86.57%	0%	0%	86.57%	0%	86.57%	12.43%	99.00%	
38 Instruments and Related Products	\$	\$4,512,659	\$609,459	\$10,293,448	\$0	\$733,920	\$0	\$0	\$15,540,027	\$609,459	\$16,149,486	\$379,636	\$16,529,122	\$1,605,265	\$18,134,387	\$63,262,569
	%	7.13%	0.96%	16.27%	0%	1.16%	0%	0%	24.56%	0.96%	25.53%	0.60%	26.13%	2.54%	28.67%	
39 Miscellaneous Manufacturing Industries	\$	\$0	\$0	\$0	\$0	\$1,754	\$0	\$0	\$1,754	\$0	\$1,754	\$0	\$1,754	\$0	\$1,754	\$1,287,525
	%	0%	0%	0%	0%	0.14%	0%	0%	0.14%	0%	0.14%	0%	0.14%	0%	0.14%	
42 Trucking and Warehousing	\$	\$0	\$0	\$1,634,140	\$0	\$988,620	\$459,135	\$0	\$3,280,164	\$5,373,438	\$6,362,058	\$1,942,287	\$8,304,345	\$0	\$8,304,345	\$14,483,207
	%	0%	0%	11.28%	0%	6.83%	3.17%	0%	22.65%	6.83%	43.93%	13.41%	57.34%	0%	57.34%	
45 Transportation by Air	\$	\$0	\$0	\$0	\$0	\$794,884	\$0	\$0	\$794,884	\$0	\$794,884	\$6,837,872	\$7,632,756	\$0	\$7,632,756	\$19,232,284
	%	0%	0%	0%	0%	4.13%	0%	0%	4.13%	0%	4.13%	35.55%	39.69%	0%	39.69%	
46 Pipelines, Except Natural Gas	\$	\$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%	

Totals may not add due to rounding

continued

Supplier Diversity Procurement by SIC Code—Detail (9.1.2)

	Asian/Pacific American		African American		Hispanic American		Native American		Total Minority Men	Total Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Total: Women, Minority Business Enterprise (WMBE)	Service-Disabled Veteran Business Enterprise (DVBE)	Total WMBE	Total Exp
	Men	Women	Men	Women	Men	Women	Men	Women								
47 Transportation Services	\$	\$0	\$532,526	\$1,104,102	\$1,017,768	\$469,970	\$1,308,451	\$803,225	\$3,891,338	\$2,909,823	\$6,801,161	\$9,443,451	\$16,244,612	\$682,397	\$16,927,009	\$33,519,843
	%	0%	1.59%	3.29%	3.04%	1.40%	3.90%	2.40%	11.61%	8.68%	20.29%	28.17%	48.46%	2.04%	50.50%	
48 Communications	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$523,627	\$523,627	\$0	\$523,627	\$11,852,249
	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4.42%	4.42%	0%	4.42%	
49 Electric, Gas and Sanitary Services	\$	\$9,208,111	\$0	\$242,796	\$4,571,140	\$45,691,957	\$0	\$33,676	\$9,908,047	\$45,725,633	\$55,635,680	\$46,150,077	\$101,783,758	\$6,936,165	\$108,719,922	\$162,221,409
	%	5.68%	0%	0.15%	0%	0.28%	28.17%	0.02%	6.11%	28.19%	34.29%	28.45%	62.74%	4.28%	67.02%	
50 Wholesale Trade-Durable Goods	\$	\$40,347,346	\$1,379,580	\$33,841	\$49,856	\$140,546,059	\$23,748,115	\$31,533	\$180,958,799	\$112,886,841	\$293,845,640	\$53,718,401	\$347,554,041	\$43,450	\$347,607,491	\$524,558,342
	%	7.69%	15.51%	0.01%	0.01%	26.79%	4.53%	0.01%	34.50%	21.52%	56.02%	10.24%	66.26%	0.01%	66.27%	
51 Wholesale Trade-Nondurable Goods	\$	\$3,612,557	\$0	\$0	\$1,537,854	\$0	\$0	\$0	\$5,150,411	\$0	\$5,150,411	\$2,579,936	\$7,730,347	\$20,005	\$7,750,352	\$21,803,911
	%	16.57%	0%	0%	7.05%	0%	0%	0%	23.62%	0%	23.62%	11.83%	35.45%	0.09%	35.55%	
52 Building Materials and Garden Supplies	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,338,150
	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
55 Automotive Dealers and Service Stations	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$719,212
	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
56 Apparel and Accessory Stores	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$604,111	\$0	\$604,111	\$2,294,038	\$2,898,149	\$0	\$2,898,149	\$8,575,455
	%	0%	0%	0%	0%	0%	0%	0%	7.04%	0%	7.04%	26.75	33.80	0%	33.80%	
58 Eating and Drinking Places	\$	\$2,590,278	\$1,402,144	\$57,287,316	\$27,000	\$358,440	\$49,946	\$729,108	\$231,101	\$60,945,142	\$43,122,352	\$4,713,679	\$67,836,031	\$13,404	\$67,849,435	\$246,894,564
	%	1.05%	0.57%	23.20%	0.01%	0.15%	0.20%	0.09%	24.69	0.87	25.57%	1.91	27.48%	0.01%	27.48%	
63 Insurance Carriers	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$471,429
	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
65 Real Estate	\$	\$1,123,610	\$423,920	\$24,569	\$0	\$1,319,127	\$586,381	\$0	\$65,081	\$2,467,307	\$3,542,689	\$16,143,013	\$19,705,702	\$283,808	\$19,989,509	\$73,527,915
	%	1.53%	0.69%	0.03%	0%	1.79%	0.80%	0%	1.46%	3.36%	4.82%	21.98%	26.80%	0.39%	27.19%	
72 Personal Services	\$	\$75,858	\$409	\$148,740	\$0	\$99,612	\$0	\$739,670	\$0	\$1,043,880	\$1,064,289	\$782,545	\$1,846,834	\$3,650	\$1,850,484	\$5,348,035
	%	1.42%	0.01%	2.78%	0%	1.88%	0%	13.83%	0%	19.89%	19.90%	14.63%	34.53%	0.07%	34.60%	
73 Business Services	\$	\$23,364,559	\$3,266,543	\$11,364,315	\$96,142,220	\$6,045,258	\$5,823,219	\$0	\$474,285	\$105,706,266	\$146,500,399	\$79,258,580	\$225,758,979	\$17,793,465	\$243,552,445	\$627,919,607
	%	3.72%	0.52%	1.81%	15.31%	0.97%	0.93%	0%	6.50	16.83%	23.33%	12.62%	35.95%	2.83%	38.78%	
75 Auto Repair, Services and Parking	\$	\$0	\$0	\$0	\$0	\$238,689	\$0	\$0	\$238,689	\$0	\$256,689	\$0	\$258,689	\$0	\$258,689	\$3,060,688
	%	0%	0%	0%	0%	8.45%	0%	0%	8.45%	0%	8.45%	0%	8.45%	0%	8.45%	
76 Miscellaneous Repair Services	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,247	\$13,247	\$0	\$13,247	\$10,680,990
	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.12%	0.12%	0%	0.12%	
78 Motion Pictures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$141,907
	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
80 Health Services	\$	\$0	\$1,254,760	\$0	\$0	\$0	\$0	\$0	\$0	\$1,254,760	\$1,254,760	\$0	\$1,254,760	\$0	\$1,254,760	\$2,091,446
	%	0%	60.00%	0%	0%	0%	0%	0%	0%	60.00%	60.00%	0%	60.00%	0%	60.00%	
81 Legal Services	\$	\$91,0874	\$4,246,107	\$645,581	\$0	\$900,213	\$566,757	\$0	\$2,456,668	\$4,812,864	\$7,269,531	\$11,871,984	\$19,141,516	\$415,416	\$19,556,932	\$69,792,119
	%	1.31%	6.08%	0.93%	0%	1.29%	0.81%	0%	3.52%	6.90%	10.42%	17.01%	27.43%	0.60%	28.02%	
87 Engineering and Management Services	\$	\$121,973,589	\$21,378,802	\$148,907,682	\$11,125,158	\$78,041,352	\$8,032,947	\$5,652,570	\$9,479,134	\$335,457,519	\$394,591,234	\$138,378,474	\$532,969,708	\$19,019,789	\$551,989,497	\$1,400,614,489
	%	8.71%	1.53%	10.63%	0.08%	5.57%	0.57%	0.40%	25.32%	2.86%	28.17%	9.88%	38.05%	1.36%	39.41%	
Total	\$	\$225,640,440	\$129,572,020	\$290,985,152	\$100,368,574	\$366,147,457	\$111,365,800	\$98,618,847	\$419,706,617	\$383,277,011	\$1,364,668,927	\$621,900,126	\$1,986,569,053	\$125,056,207	\$2,111,625,261	\$5,160,827,029
	%	4.37%	2.51%	5.64%	1.94%	7.09%	2.16%	1.91%	19.02%	7.43%	26.44	12.05	38.69%	2.42%	40.92%	

Totals may not add due to rounding

PG&E's Supplier Diversity Program is multifaceted and focuses on diverse supplier development throughout its direct and subcontracting processes. The number of unique WMDVBES doing business in PG&E's supply chain increased from 904 in 2013 to 992 in 2014, representing an additional 88 WMDVBES and a 9.7 percent year-over-year increase.

Program Expenses (Sec. 9.1.3)

Expense Category	2014 Actuals
Wages	\$1,841,432
Other Employee Expense	\$425,687
Program Expense	\$372,917
Reporting Expense	\$279,070
Training	\$312,937
Consultants*	\$166,650
Other	\$117,676
Total	\$3,516,370

*Consultants: PG&E portion of the CPUC Supplier Clearinghouse cost

Wages: Salary and payroll-related costs of employees working on WMDVBE matters

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

Program Expenses: Material, staff augmentation, consulting, technical assistance and outreach, and other costs directly related to programs

Reporting Expenses: Computer, accounting, printing and other expenses in preparing reports to the CPUC

Training: Costs related to employee training

Other: Miscellaneous costs/credits that do not fall in other categories

Description of Progress in Meeting or Exceeding Set Goals (Sec. 9.1.4)

	2014 Results	2014 Goals
Minority Men	19.02%	12.00%
Minority Women	7.43%	3.00%
Minority Business Enterprise (MBE)	26.44%	15.00%
Women Business Enterprise (WBE)	12.05%	5.00%
Subtotal Women, Minority Business Enterprise (WMBE)	38.49%	20.00%
Service-Disabled Veteran Business Enterprise (DVBE)	2.42%	1.50%
Total WMDVBE	40.92%	21.50%

Totals may not add due to rounding.

PG&E spent 40.9 percent of its total spend with WMDVBES. This amount represents more than \$2.1 billion spent with WMDVBES.

For the ninth year in a row, PG&E exceeded the CPUC goal of 21.5 percent. This was accomplished through the consistent inclusion of diversity in its strategic sourcing, competitive bidding and supplier development processes. PG&E will continue to focus on ways to refine and improve processes within the program.

Summary of Utilization of WMDVBE Subcontractors (Sec. 9.1.5)

	Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women, Minority Business Enterprise (WMBE)	Service Disabled Veteran Business Enterprise (DVBE)	Total WMDVBE
Direct \$	720,701,718	297,616,180	1,018,317,898	456,980,577	1,475,298,476	67,418,346	1,542,716,822
Subcontracting \$	260,690,198	85,660,831	346,351,029	164,919,549	511,270,578	57,637,861	568,908,439
Total \$	981,391,916	383,277,011	1,364,668,927	621,900,126	1,986,569,053	125,056,207	2,111,625,261
Direct %	13.96%	5.77%	19.73%	8.85%	28.59%	1.31%	29.89%
Subcontracting %	5.05%	1.66%	6.71%	3.20%	9.91%	1.12%	11.02%
Total %	19.02%	7.43%	26.44%	12.05%	38.49%	2.42%	40.92%

Gross Procurement \$	5,160,827,029
Exclusion \$	-
Net Procurement \$	5,160,827,029

Totals may not add due to rounding.

For many years, the Supplier Diversity Prime Supplier Program has helped PG&E suppliers increase the utilization of diverse suppliers in the supply chain through subcontracting and the inclusion of diverse suppliers as business solution partners. PG&E encourages its prime suppliers with over \$500,000 annual business with the company to submit a supplier diversity plan, set a supplier diversity performance goal and report on diverse subcontracting. PG&E asks its prime suppliers to report subcontracting monthly, detailing their progress toward these goals.

In order to support prime suppliers through this process, PG&E conducted monthly prime supplier training sessions. These training sessions include an overview of the Prime Supplier Program's major components, including history, metrics, the creation and maintenance of a robust supplier diversity plan, how to report into the PG&E Prime Supplier Subcontracting Reporting system and find requirements for prime suppliers identified for audit. PG&E updated its Prime Supplier Program Guide, a comprehensive resource for suppliers, in 2014 as well. Trainings highlighted the guide, which was made available to all suppliers for downloading. In 2014, PG&E also made additional resources available online to prime suppliers, including the monthly Prime Supplier Program webinar training presentation and a Prime Supplier Program frequently asked questions document.

In 2014, the Supplier Diversity and Sourcing teams continued to work with prime suppliers to develop and increase the utilization of diverse suppliers. PG&E asked these suppliers to support the company's diversity goals in their work by examining their operations for every opportunity for diverse suppliers to participate. Some strategic suppliers developed plans that established WMDVBEs as business solution partners. Additionally, Supplier Diversity and Sourcing actively managed the performance of key prime suppliers by tracking monthly reported subcontracting and scheduling executive meetings with underperforming prime suppliers to ensure they were on course to meet their year-end subcontracting goals. This focused initiative also included a request for prime suppliers to forecast and proactively manage their diverse subcontracting performance.

At the end of 2014 and for the fifth consecutive year, PG&E hired a third-party firm to perform its annual voluntary audit of its Prime Supplier Program to ensure accurate reporting from prime suppliers. Audit findings are reflected in the 2014 reported results.

Supplier Complaints (Sec. 9.1.6)

A list of WMDVBE complaints received during the past year accompanied by a brief description of the nature of each complaint and its resolution or current status

General Order 156 Ruling on August 24, 2006 ended the requirement to summarize complaints.

Exclusions (Sec. 9.1.7)

Summary of purchases and/or contracts in excluded categories

General Order 156 Ruling on November 14, 2003 ended the excluded category.

Supplier Recruitment in Low Utilization Areas (Sec. 9.1.8)

A description of any efforts made to recruit WMDVBEs of products or services in procurement categories where WMDVBE utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature

FINANCE AND RISK

PG&E's Finance and Risk organization was steadfast in finding channels to expand its diverse supplier base and increase spend with diverse finance professionals. By making supplier diversity a core value and encouraging creative thinking, PG&E was able to identify groundbreaking and innovative opportunities in financial services.

- For many years, PG&E has used diverse-owned investment banks as underwriters on each of its bond offerings.
- Over the past five years, PG&E used 17 different WMDVBEs, some on multiple occasions, to serve as underwriters. WMDVBEs have earned over \$8 million, or nearly 15 percent of total financing fees, since 2010.
- Since 2007, PG&E's financing fees to WMDVBEs progressively increased.
- In 2014, PG&E achieved more than 15 percent of underwriting fees to WMDVBEs. This is a more than three-fold increase from 5 percent seven years ago.
- As part of PG&E's formal Supplier Development Program, Finance supports a WMDVBE with officer mentorship, cross-functional team guidance and development opportunities.

Banking

- As the first California utility and the second utility in the nation to use minority-owned investment banks as joint book runners for a taxable bond offering in 2010, PG&E continued to work directly with WMDVBE banks in 2014.
- PG&E selected a Hispanic American-owned investment bank to be one of four joint lead managers for a \$900 million offering of 10-year and 30-year senior notes in February 2014. This represented the fifth bond transaction that PG&E has completed with a WMDVBE investment bank as a lead manager.
- This bond transaction was the largest for PG&E since its exit from Chapter 11 and the fifth that the utility has completed with a WMDVBE as a lead manager. The bonds mature on February 15, 2024, and February 15, 2044, and bear an interest rate of 3.75 percent and 4.75 percent respectively. The bonds are rated "A3" by Moody's Investors Service and "BBB" by Standard & Poor's. Proceeds from the bonds will be used primarily to fund capital expenditures and for general company purposes, including repaying a portion of the utility's outstanding commercial paper.
- Since then, PG&E and PG&E Corporation issued an additional \$1.725 billion of senior notes, including a floating rate note at the Utility, paying an additional \$900,000 in underwriting fees to four WMDVBE investment banks.
- WMDVBE banks, including African American, Hispanic American, DVBE and WBE firms, served as co-managers on debt offerings totaling \$2.6 billion for all of 2014.
- Fees paid to WMDVBE underwriters totaled more than \$2.7 million in 2014, the highest amount ever by PG&E. Fees paid to WMDVBEs as a percentage of total underwriting fees exceeded 15 percent in 2014, the highest percentage ever.
- WMDVBE banks have been included as underwriters on all of PG&E's senior note offerings since 2004.

- PG&E placed more than \$7.7 billion of commercial paper with WMDVBEs, the most ever in the company's history. This equates to over 20 percent of the program executed through a WMDVBE dealer in 2014.
- PG&E scheduled numerous meetings and calls with WMDVBE banks to learn more about their capabilities and to assess new opportunities for them.
- PG&E acted as a mentor and advisor to a DVBE firm. PG&E works closely with the DVBE through the company's formal Supplier Development Program. As the firm's mentor, PG&E's vice president and treasurer met with them on several occasions to offer guidance and opportunities on improving their level of service. The DVBE was appointed as a co-manager on a recent senior notes offering; their earned fees have tripled since their last appointment in 2009.

Pension Management

- At the end of 2014, \$1.5 billion of PG&E's Employee Benefit and Nuclear Decommissioning Trust assets were invested with diverse or emerging managers. Fees on these assignments were approximately \$1.8 million in 2014.
- PG&E continued to partner with seven WMDVBEs managing ten equity, fixed income, and real estate securities accounts with PG&E's Employee Benefit and Nuclear Decommissioning Trusts.
- Finally, PG&E has a long history of supporting WMDVBE investment managers and encouraging all managers to utilize WMDVBE brokers.

Trust Investment Program

In 2014, PG&E added funds to an existing diversity-owned real estate manager and hired a diversity-owned cash manager. The cash manager will be managing approximately \$400 million, while the real estate manager will be receiving an additional \$55 million. With these two investments, PG&E is increasing the amount of its trust investment program managed by diversity-owned managers by over 65 percent, to approximately \$1.5 billion.

Tax, Accounting and Reporting

- To optimize supplier diversity participation in a competitive bid for a significant tax project, PG&E sought and selected a non-diverse firm that included participation of an affiliated African American-owned company. The contract included language outlining the amount and extent of work performed by this MBE. In addition to development of a new MBE opportunity, this contract resulted in significant tax savings that will benefit PG&E and ratepayers in years to come.
- PG&E continued to use a small, local Asian American-owned company on the implementation of a system to generate the repairs tax benefit. The work with this MBE provides PG&E a large benefit and allows it to earn its authorized rate of return. In addition to the value to PG&E, the expansion of this company's work at PG&E helps the diverse, small business continue its success.
- PG&E engaged a WMDVBE for the audit of the PG&E Foundation.
- PG&E engaged a WMDVBE for the audit of certain benefit plans.
- PG&E worked with its independent auditor to partner with a WMDVBE for the audits of the Nuclear Decommissioning Trust and PG&E Corporation.
- PG&E worked with its independent auditor to research the feasibility of partnering with a WMDVBE to complete audits of certain benefit plans.

Risk and Audit

- The Compliance and Ethics group hired a WBE firm to produce PG&E's annual compliance and ethics training video for 2014.
- PG&E hired a MBE firm to support its Enterprise Risk Management & Insurance area. This MBE collects and conducts compliance reviews of certificates of insurance from PG&E's suppliers.
- Due to PG&E's encouragement, its insurance brokers developed a new WMDVBE subcontracting relationship to support PG&E's Insurance Department in marketing its insurance renewals or administrative insurance work.
- The Market and Credit Risk team referred new suppliers to obtain CPUC certification and as a result, three new WMDVBEs are supporting the commodities business.
- The Finance Compliance and Controls team hired a MBE firm to support the review of Sarbanes-Oxley testing.

BRAND ADVERTISING

Results Summary and Highlights

PG&E's Brand Strategy and Advertising and Solutions Marketing departments are charged with communicating company priorities, safety messages and energy-efficiency programs to all customers. For more than a decade, PG&E has placed a strong emphasis on dedicating funds to ensure that PG&E's communications reach California's multicultural residents.

Brand Strategy and Advertising

A range of certified diverse agencies helped effectively and efficiently reach PG&E's diverse audience, using a variety of approaches including television, digital advertising, social media, print, radio, billboards and other out-of-home strategies.

At the beginning of 2014, PG&E also identified an opportunity to work with one of its largest non-diverse advertising agencies to improve their own supplier diversity performance. PG&E challenged the agency to achieve a diverse subcontracting target of more than 50 percent by the end of the year. In addition to monitoring performance on a monthly basis, PG&E introduced a number of WMDVBEs to the agency throughout the year. This targeted support resulted in the agency significantly exceeding their goal and achieving over 53.5 percent in diverse subcontracting.

PG&E will continue its focus on looking for certified WMDVBE and LGBTBE direct suppliers and subcontractors to grow its supplier diversity support.

Solutions Marketing

- The Solutions Marketing department significantly increased its roster of certified diverse agencies to nine agencies in 2014. Throughout the year, PG&E continued to work with a range of certified diverse agencies and companies to strategically and creatively execute effective multicultural marketing efforts on PG&E's behalf.
- Solutions Marketing increased its in-language marketing in support of key initiatives, including SmartAC, California Alternate Rates for Electricity (CARE) Program, Energy Savings Assistance (ESA) Program, as well as communications about upcoming rate changes.
- In support of multicultural outreach activities, Solutions Marketing placed media in a number of multicultural media outlets, including Univision Radio, Entravision Radio, Adelante Media Group, Lotus, Singtao, Sina and World Journal.

LEGAL

PG&E's Law Department continues to support diversity within the legal profession, both in providing work opportunities for diverse law firms and diverse individuals within non-diverse firms, and in actively supporting diverse legal organizations and law students with a demonstrated commitment to diversity. PG&E also continues to mentor diverse firms, including a DVBE that handles some of the company's tort and commercial litigation.

In addition to the Law Department's diverse spend, in 2014, the Department also provided additional diverse firms and diverse individuals within non-diverse firms the opportunity to represent PG&E in significant matters. A substantial percentage of the Department's fee payments to non-diverse firms were for services provided by diverse lawyers and paralegals. According to the law firms representing approximately 80 percent of the Law Department's fee payments to non-diverse law firms (representing \$27.3 million), approximately 53 percent were for diverse lawyers and paralegal fees. Opportunities for diverse firms and suppliers will continue to grow in 2015, with diverse and non-diverse partnering planned on several matters.

The Law Department also continued to sponsor its award-winning first-year law student pipeline program that offers first-year law students the opportunity to gain legal experience in the utility industry and to network with attorneys and other law students throughout the United States. In addition to receiving meaningful work assignments and exposure to a variety of legal proceedings, the students participate in the Leadership Council on Legal Diversity (LCLD) 1L Scholars Summit and are paired with an LCLD life-long mentor. PG&E's Law Department is a proud supporter of LCLD, which is a national organization comprised of corporate legal officers and law firm leaders working to build a more open and diverse legal profession. In addition to the LCLD 1L Scholars Summit, PG&E again nominated a PG&E attorney as an LCLD fellow, who participated in the rigorous career development training and networking program.

The Department also hosts events to facilitate networking and diversity opportunities, including individual meetings, lunches and receptions. PG&E attorneys regularly attend networking events, such as the California Minority Counsel Program and Minority Corporate Counsel Association, to provide diverse firms and attorneys with greater access to in-house counsel.

In 2014, the Law Department continued its support of the California Bar Foundation Diversity Scholarship to fund a scholarship to a student with a significant financial need that was admitted to a top California law school. The Department also regularly supports the efforts of the diverse bar associations that provide scholarships to talented students.

2014 Summary of Affiliations

The following is a summary of the organizations PG&E's Law Department supported through participation at their events and/or funding:

- Asian American Bar Association
- Asian Law Caucus
- Bay Area Latino Lawyers' Fund
- California Bar Foundation
- California Minority Counsel Program
- Charles Houston Bar Association
- Corporate Counsel Women of Color
- East Bay Community Law Center
- Equal Rights Advocates
- Filipino Bar Association of Northern California
- Hispanic National Bar Association
- Justice and Diversity Center of the Bar Association of San Francisco
- Lawyers' Committee for Civil Rights
- Lawyers for One America
- Leadership Council on Legal Diversity
- Legal Aid Society
- Korean American Bar Association
- Minority Corporate Counsel Association
- National Asian Pacific American Bar Association
- National Association of Minority and Women Owned Law Firms
- National Association of Women Lawyers
- National Bar Association
- National Native American Bar Association
- South Asian Bar Association of Northern California
- Wiley Manuel Law Foundation

Justification of Excluded Areas (Sec. 9.1.9)

A justification for the continued existence of any "excluded category" of products or services which has been removed from the procurement dollar base used to set goals because of established unavailability of WMDVBES. Such justification must include a description of any efforts made to find any/or recruit WMDVBES of products or services in the excluded category.

General Order 156 Ruling on November 14, 2003 ended the excluded category.

Additional WMDVBE Activity: Smart Grid and Electric Procurement Investment Charge Plans (Sec. 9.1.10)

Summarize WMDVBE purchases and/or contracts in product and service categories that include renewable and non-renewable energy, wireless communications, broadband, smart grid and rail projects, in addition to their current reporting categories.

Smart Grid Program

On June 30, 2011, PG&E filed its Smart Grid Deployment Plan with the CPUC (A. 11-06-006), presenting its 10-year vision for Smart Grid investments. This application was approved by the Commission in July 2013.

PG&E's Smart Grid Program is a continuation of PG&E's ongoing focus on providing safe, reliable, secure, affordable, sustainable and flexible power to its customers. The Smart Grid projects are focused on customer engagement and empowerment, transmission and distribution automation and reliability, safety and operational efficiency, cyber-security and integrated services. Future process and technology improvement projects, with continued authorization and funding from the CPUC, may be developed and delivered over the next decade or more.

These projects, both implemented and planned, will, among other benefits, support the integration of distributed generation, energy storage, transportation electrification, customer data access, grid cyber-security, application platforms and data management, workforce development, and demand-side management options. These benefits will be achieved through the integration of advanced communications and control technologies that will transform operations of PG&E's electric grid, from generation to customer premise.

The first four approved Smart Grid pilot projects (from CPUC Decision 13-03-032) are underway. Several diverse firms participated in a detailed Request for Information process for three of the projects: Line Sensor, Volt/VAR Optimization, and Fault Location projects. PG&E is evaluating a range of hardware, software and systems integration, communication infrastructure and voltage management software from the selected suppliers. As with all PG&E projects, diverse supplier opportunities will be considered in all project phases: supplier and technology selection, test, pilot deployment, full deployment and on-going operations and maintenance.

In 2014, PG&E invited diverse suppliers, and others, to its classes on Smart Grid-related technologies. Class topics include basic to more advanced electric utility operating concepts as well as PG&E's technological overviews. These educational opportunities are open to the public at no cost, and help prime suppliers, WMDVBEs, LGBTBEs and other small businesses better understand current projects. The classes also provide insight into the potential scope and timing of PG&E's Smart Grid related efforts over the next five to 10 years.

In May 2014, PG&E also hosted its first Smart Grid Job Fair event at the Pacific Energy Center. The event discussed career opportunities in energy analytics, software design, web development, sales and the financial sectors of the Smart Grid industry. It also included educational seminars presented by PG&E and other major players in the Smart Grid industry.

In 2015 and beyond, PG&E will continue to engage diverse and non-diverse firms in Smart Grid-related industries to raise their awareness of PG&E's supplier diversity goals and expectations and provide PG&E's direction for current and future projects. This will be accomplished through targeted meetings, seminars, job fairs, external web postings of related scopes of work and/or sponsorships to industry events.

Electric Procurement Investment Charge Investment Plan

On November 1, 2012, PG&E filed its 2012-2014 Triennial Electric Program Investment Charge (EPIC) Investment Plan with the California Public Utilities Commission, presenting its vision for EPIC demonstration pilot projects. The Commission approved this application in November 2013. The Investment Plan presents the approach and framework PG&E developed to align EPIC investments in the technology demonstration and deployment funding area to achieve the EPIC objectives and support California energy policies.

As with the Smart Grid pilots, PG&E maintains a strong commitment to supplier diversity and continues to focus on exceeding the Commission's supplier diversity goals set forth in General Order 156. Over 15 EPIC projects began in 2014, spanning demonstration pilots across Renewable Distributed Energy Resources Integration, Grid Modernization and Optimization, and Customer Service and Enablement. As with other programs, PG&E's EPIC projects undergo established PG&E program governance procedures and supplier contracting processes to approve, initiate and manage individual projects. Qualified suppliers are evaluated and scored on multiple quality, safety, value and supplier diversity factors.

PG&E will continue to work with and educate internal EPIC program stakeholders concerning PG&E's supplier diversity goals and expectations, publicize relevant PG&E matchmaking events, develop internal educational efforts within Sourcing to raise awareness of EPIC projects, and communicate technology direction and project work opportunities to supplier communities.

2015 ANNUAL PLAN

WMDVBE Annual Short-, Mid- and Long-Term Goals by Products and Services Category (Sec. 10.1.1)

Ownership and accountability are shared across the company during PG&E’s annual supplier diversity goal-setting process. The multi-layered approach to diverse supplier inclusion and development helps build alignment across all levels of the business and fosters greater understanding of performance expectations.

Each year, PG&E uses historical information and projected spend to assess company goals. While goals are set at the LOB level, PG&E does not set specific goals by product and service categories. However, as a long-term strategy, PG&E is particularly focused on technical assistance and capacity-building strategies to develop diverse suppliers in the following areas:

- Energy Procurement
- Energy Products and Services
- Gas Operations and Pipeline Safety Enhancement
- Hydro and Power Plants
- Nuclear Engineering
- Professional Services (Accounting, Legal Firms, Management Consulting Firms)
- Smart Grid
- Substation Work, Engineering
- Transmission and Distribution (Construction)
- Trenching and Paving

PG&E’s short-, mid- and long-term WMDVBE goals mirror the recommended goals in General Order 156:

WMDVBE Annual Short-, Mid- and Long-Term Goals

Short-Term 2015					Mid-Term 2017					Long-Term 2019				
Minority		Total MBE	WBE	DVBE	Minority		Total MBE	WBE	DVBE	Minority		Total MBE	WBE	DVBE
Men	Women				Men	Women				Men	Women			
12%	3%	15%	5%	1.5%	12%	3%	15%	5%	1.5%	12%	3%	15%	5%	1.5%

Program Activities Planned for 2015 (Sec. 10.1.2)

A description of Supplier Diversity program activities planned for the next calendar year, which includes internal and external program activities

PG&E strives to improve its industry-leading Supplier Diversity Program by enhancing existing program initiatives and developing new initiatives. PG&E plans to enhance its Prime Supplier Program through additional training and communication on diverse subcontracting, partnering and mentoring. The company will continue to strengthen the role of the Supplier Diversity LOB Champions through education and engagement. PG&E also intends to support the development of WMDVBES and LGBTBES in areas of company growth such as gas pipeline safety, energy procurement and new technology. This support will also come in the form of technical assistance and capacity-building initiatives. For professional services and other historically underutilized product and service areas, PG&E will continue to carefully analyze its value chain for new and innovative opportunities for WMDVBE and LGBTBE inclusion.

PG&E will continue to develop ongoing strategic program activities in the following areas for 2015:

- **Goal Development and Alignment:** Employ procedures to ensure that each LOB sets its targets and plans in collaboration with Supplier Diversity Champions to achieve supplier diversity goals. Targets are driven down to the director level to expand ownership and accountability for supplier diversity goals.
- **Subcontracting Performance:** Work to ensure that prime suppliers are accurately reporting diverse subcontracting and supporting the company's supplier diversity objectives.
- **Certification Monitoring:** Promote efforts to manage certification of new and existing WMDVBES and LGBTBES.
- **Outreach:** Support activities and organizations that assist PG&E's efforts to reach its 2015 supplier diversity goals.
- **Safety:** Champion effective safety practices and communicate to all suppliers, including WMDVBES and LGBTBES.
- **Supply Chain Sustainability Program:** Include incumbent WMDVBES and LGBTBES in the sustainability performance initiative.
- **Communications and Training:** Continue to incorporate strategies to communicate and educate both internal and external stakeholders about PG&E's Supplier Diversity Program.
- **People Plan:** Build and enhance talent within PG&E's Supplier Diversity organization and its champions across the company.
- **Supplier Recognition:** Recognize the excellent performance of WMDVBES and LGBTBES throughout the year during PG&E's Supplier Conference and other external recognition avenues.
- **Employee Recognition:** Recognize excellent performance by Sourcing and LOB Champions that drive high levels of supplier diversity results and support supplier diversity initiatives throughout the year.
- **Contract Compliance:** Drive increased prime supplier support of PG&E's supplier diversity policies and procedures.
- **Reporting:** Enhance reporting capabilities that help PG&E identify opportunities and measure performance against goals.

PG&E will also work collaboratively with the Joint Utilities (JU), California Utilities Diversity Council (CUDC), CPUC and other community-based organizations on several strategic initiatives to continue to enhance its Multi-Tiered Technical Assistance and Capacity Building Program:

- **Access to Capital/Management of Capital:** Deliver workshops and provide educational scholarships on growth strategy, business performance and financial management to help WMDVBes and LGBTBEs qualify for debt financing and support forums/conference on the equity acquisition process to overcome barriers.
- **Capacity Building:** Help WMDVBes and LGBTBEs expand product/service offerings to other PG&E LOBs and/or to other potential customers.
- **Diverse Business Workshops:** Partner with expert organizations to develop technical assistance and capacity building workshops to support business growth and development.
- **PG&E Signature Initiatives:** Offer “Diverse Suppliers are Cyber-Secure,” “Diverse Suppliers are Safe,” “Diverse Suppliers Go Green” and “Diverse Suppliers Go Global” workshops to educate WMDVBes and LGBTBEs on areas of competitive business advantage.
- **Emerging Technology:** Support executive training initiatives that encourage mature WMDVBes and LGBTBEs to consider competing for opportunities in emerging technology.
- **Supplier Development Program:** Identify opportunities for and support the development of WMDVBes and LGBTBEs to be competitive in the supply chain.
- **ISO 9001 and ISO 14001 Certification Training:** Provide quality and environmental systems certification scholarships to help WMDVBes and LGBTBEs build the necessary business practices for successful, scalable growth.
- **Prime Supplier Program:** Support prime suppliers to develop robust supplier diversity plans and accurately report diverse subcontracting.
- **Small Business Administration Partnership Training:** Partner with SBA, MBDA, SCORE and SBDCs across California to provide business management workshop trainings.
- **Trade Missions to Industry Trade Shows:** Provide scholarships and support for WMDVBes and LGBTBEs to attend industry trade shows to gain exposure to new trends and technology.
- **UCLA Management Development for Entrepreneurs and University of Washington Minority Business Executive Program:** Offer WMDVBE and LGBTBE scholarships to graduate level management development certificate programs that support supplier development and build capacity.

In addition, PG&E plans to continue its annual Supplier Diversity and Sustainability Achievement Awards to recognize the many employees who contribute to the company’s supplier diversity goal achievement. This annual event not only recognizes specific employees who have helped to achieve PG&E’s supplier diversity goals, it also reinforces the key roles all employees play in driving PG&E’s supplier diversity success.

Supplier Recruitment in Low Utilization Areas (Sec. 10.1.3)

Plans for recruiting WMDVBEs of products or services where WMDVBE utilization has been low, such as legal and financial services, fuel procurement and areas that are considered highly technical in nature

LEGAL

The Law Department's 2015 plan includes:

- Participation and engagement with a variety of legal associations promoting diversity and equal access to the law and legal profession
- Paid summer positions for four first-year law students
- Identification of WMDVBE and LGBTBE firms for potential retention, as well as partnering with non-diverse firms, to work with diverse firms
- Continued promotion of the utilization of diverse professionals at majority-owned firms
- Participation in WMDVBE and LGBTBE networking and CPUC events with other investor-owned utilities
- Continued partnership with PG&E's Supplier Diversity and Sourcing Department to identify additional opportunities for diverse law firms

FINANCE AND RISK

Diverse Finance and Risk plans for 2015 include the following activities:

- Continue to execute a multiyear strategy to increase diverse spend
- Provide opportunities for diverse investment banks to participate meaningfully in financings
- Continue looking for other opportunities to do business with diverse investment banks, such as money market investments or as commercial paper dealers and pension managers
- Mentor and conduct marketing activities with diverse investment banks
- Continue best practices on use of diverse suppliers in pension management
- Continue to identify opportunities to expand use of WMDVBEs and LGBTBEs in audit and tax work
- Continue to reach out to prime suppliers to find subcontracting opportunities
- Sponsor and actively participate in organizations that support WMDVBEs, LGBTBEs and diverse finance students
- Continue current successful service agreement with Corporate Tax Incentive and examine if additional work makes business sense
- Continue evaluating projects for opportunities to employ diverse suppliers and encourage other suppliers to employ diverse subcontractors
- Continue efforts to build a WMDVBE and LGBTBE candidate pool

ADVERTISING AND MINORITY MEDIA

PG&E will continue to focus on including WMDVBES and LGBTBES in minority media opportunities. The team will monitor subcontracting progress on a monthly basis.

PG&E will continue to work closely with its prime suppliers in charge of its' customer marketing program and the suppliers' diverse media subcontractors to ensure continuous improvement.

Plans for Recruiting WMDVBES in Excluded Categories (Sec. 10.1.4)

General Order 156 Ruling on November 14, 2003 ended the excluded category.

Plans for Subcontracting (Sec. 10.1.5)

Encouraging prime suppliers to engage WMDVBES in subcontracts in all categories, which provide subcontracting opportunities

PG&E plans to continue to engage prime suppliers in order to increase subcontracting opportunities for WMDVBES and LGBTBES. The company will continue to proactively manage prime suppliers who are performing below their subcontracting goal or have not responded to requests for a subcontracting plan. PG&E senior leadership will continue to communicate directly with under-performing prime suppliers and reinforce the seriousness of PG&E's commitment to supplier diversity.

The company will also continue to conduct an annual voluntary audit of its diverse subcontracting spend to confirm accurate reporting. Supplier Diversity will conduct a series of prime supplier webinars and in-person trainings to outline subcontracting requirements, including how to report accurately and how to best prepare for a potential audit. This topic will also be incorporated into existing monthly training webinars for prime suppliers. The team plans to continue to follow up with prime suppliers and monitor supplier diversity performance through a scorecard process.

In addition, PG&E will offer enhanced educational opportunities for its prime suppliers to learn how to identify and develop qualified diverse subcontractors and/or partners and improve their supplier diversity subcontracting. Through such education, PG&E will enable prime suppliers to support supplier diversity in many ways, from developing their own robust supplier diversity program to creating developmental opportunities for WMDVBES and LGBTBES within their business. The company will continue to ask prime suppliers to participate in business matchmaking activities, attend outreach events, support educational programs, such as the UCLA MDE Program, University of Washington MBE Program and the University of California Advanced Technology Management Institute, and to mentor WMDVBES and LGBTBES.

Most importantly, through training and education both internally and with its prime suppliers, PG&E will advance its efforts to make supplier diversity a key consideration in strategic sourcing initiatives. With continued focus, PG&E is confident in its ability to balance business priorities while advancing supplier diversity.

Plans for Complying with WMDVBE Program Guidelines (Sec. 10.1.6)

Plans for complying with the Supplier Diversity program guidelines established by the CPUC as required by Public Utilities Section 8283 (C). The Executive Director's Office will be responsible for developing, periodically refining and recommending such guidelines for the CPUC's adoption

PG&E will continue to comply with General Order 156 program guidelines. In 2015, PG&E will participate in the CPUC's Supplier Diversity Forums and work in partnership with the Joint Utilities Committee to address challenges to the full participation of eligible WMDVBEs and LGBTBEs in the program.

Power Procurement

Internal/External Activities (Sec. 9.1.1)

In 2014, PG&E advanced its efforts to provide opportunities for Women, Minority and Service-Disabled Veteran Business Enterprises (WMDVBEs) in power procurement. The company spent 90 percent more of its power purchases with WMDVBEs in 2014 compared to 2013.

While there is more work that can be done, PG&E is building the foundation for continuous improvement with the goal of program sustainability. Moreover, while PG&E acknowledges that implementing the General Order 156 Electric Commodity Procurement initiative will take time, PG&E is determined to continue its efforts to facilitate increased WMDVBE participation. Supplier diversity is successful in large part due to building upon incremental successes, such as those described below, that encourage stakeholders to reach a little further to do what they otherwise would not think was possible.

Communication and Outreach

PG&E has continued its outreach efforts with WMDVBEs. PG&E's Wholesale Electric Procurement website (www.pge.com/rfo) provides WMDVBEs with information about upcoming Requests for Offer (RFOs) and descriptions of various programs available. PG&E's Wholesale Electric Procurement website includes a Supplier Diversity section for WMDVBEs interested in the various power procurement programs offered by PG&E. The site provides information about on-going outreach and educational items of interest to the WMDVBE community. WMDVBEs can also sign up through PG&E's website to receive RFO email notifications directly.

PG&E's Energy Procurement team continues to make a concerted effort to reach out to potential WMDVBEs that express an interest in providing power products to PG&E. In 2014, potential WMDVBEs met one-on-one with PG&E to discuss their capabilities and opportunities. PG&E recommended next steps to WMDVBEs, which included providing contact information to other representatives within PG&E that are better suited to handle the WMDVBEs' proposed electric or gas products. In addition to fielding numerous calls and emails from WMDVBEs interested in becoming a PG&E supplier of electricity, PG&E directed both WMDVBEs and non-WMDVBEs to the PG&E Wholesale Electric Procurement website which includes valuable supplier diversity information. The website helps non-WMDVBEs realize the importance of supplier diversity to PG&E and encourages them to provide more opportunities for WMDVBEs to participate in power procurement.

PG&E continues to work collaboratively with the other California gas and electric utilities to promote supplier diversity in the power procurement space. In 2014, one notable success was the Supplier Diversity Conference held in conjunction with the Western Systems Power Pool (WSPP) and North American Energy Markets Association (NAEMA) semi-annual meeting in September 2014. This Supplier Diversity conference included an opening night reception hosted by PG&E, Southern California Edison (SCE) and San Diego Gas and Electric Company (SDG&E) (collectively, the three California investor-owned utilities (IOU). It also included a half-day session featuring opening welcome remarks from former CPUC President Michael Peevey and two engaging panels discussing opportunities for WMDVBES in the California power markets. PG&E actively participated in the panels and offered closing remarks for both the opening night reception and the half-day conference session the following day. The conference was a success, and PG&E will work with the other IOUs to build upon that success in 2015.

PG&E's ongoing commitment is to facilitate the development of WMDVBES in the Wholesale Power Market in such a way that their entry adds value to the market while at the same time fitting into the Utility competitive bidding model. As an example, PG&E participated in both the California Disabled Veteran Business Alliance's Keeping the Promise Small Business Conference and Expo in March 2014, and the Edison Electric Institute's annual Supplier Diversity Conference in May 2014. PG&E participated in one-on-one business matchmaking sessions with prospective WMDVBES at these conferences to discuss business prospects with opportunities ranging from site selection, IT services, permitting, construction, operations and maintenance of electric generation facilities.

Within the Energy Procurement team, PG&E strengthened its commitment to supplier diversity by establishing a Supplier Diversity Co-Champion organizational construct that facilitated a team approach to promoting supplier diversity in power procurement. This commitment was visible to prospective WMDVBES who met with PG&E throughout the year. PG&E had several Energy Procurement representatives at most WMDVBE meetings to discuss potential business opportunities.

Lastly, all three IOUs contributed to an instructional document created to incorporate standardization and improvements in data reporting going forward.

At the end of 2014, PG&E selected a WMDVBE to participate in PG&E's formal Supplier Development Program for 2015. More details follow in Section 10.1.3.

Summary of Purchases and/or Contracts (Sec. 9.1.2)

PG&E spent over \$4 billion in 2014 on electricity commodity and related services. This spending is for energy and capacity from Qualified Facilities (QF), Combined Heat and Power (CHP) facilities, Renewables Portfolio Standard (RPS) facilities, tolling and Resource Adequacy (RA) contracts (and excludes purchases from the California Independent System Operator).

In future years, PG&E will continue to experience growth in its renewable portfolio. For instance, the company has approximately 1,095 megawatts (MW) of renewable projects under power purchase agreements that are expected to complete construction and come online in the next several years. These renewable projects may provide meaningful subcontracting opportunities.

PG&E's Energy Procurement team worked diligently to educate WMDVBES about direct and subcontracting opportunities to support business needs in these areas. Renewable project development programs continue to be the most accessible programs to encourage WMDVBES, as significant project investment is required for in-site preparation, permitting, environmental studies, engineering, construction, operations and maintenance services and more.

A summary of Annual Energy Product Results by Ethnicity & DVBE Certification is provided at the end of Section 9.

PG&E issued the following Requests for Offers (RFOs), electronic solicitations and tariffs in 2014:

- 01-23-2014** Third Combined Heat and Power RFO (CHP RFO 3)
- 03-19-2014** Greenhouse Gas (GHG) Offset Credits RFO
- 04-07-2014** Q3 2014 Electronic Solicitation for RA Products
- 04-22-2014** Intermediate Term RFO for RA Products (ITRFO)
- 04-29-2014** Physical Gas Call Options Electronic Solicitation for PG&E Electric Fuels¹
- 05-30-2014** Fifth Renewable Auction Mechanism (RAM) RFO
- 06-17-2014** Q4 2014 Electronic Solicitation for RA Products
- 10-15-2014** Q1 2015 Electronic Solicitation for RA Products
- 10-21-2014** Photovoltaic (PV) Program PPA RFO
- 11-13-2014** May and June 2014 Electronic Solicitation for RA Products
- 11-13-2014** December 2014 Electronic Solicitation for Import Energy
- 12-01-2014** Energy Storage RFO

Various dates Multi-Month Physical Gas Electronic Solicitations for PG&E Electric Fuels

In addition, PG&E issued the following RFO and tariff program in late 2013. These activities carried over into 2014:

- 10-02-2013** Renewable Market Adjusting Tariff (ReMAT) program
- 12-16-2013** Renewables Portfolio Standard (RPS) RFO

¹In the context of General Order 156 reporting, "electric fuels" is also known as "fuels for generation."

In each of the listed RFOs and electronic solicitations, PG&E encouraged participation from suppliers who were WMDVBES or had supplier diversity programs and continued to send a message to market participants that supplier diversity is an important initiative at PG&E. In the above-listed RFOs, PG&E required participants to complete a section within the Offer Package that included a question about whether the participant was a WMDVBE, had WMDVBE programs within their organization and would commit a percentage of their construction and maintenance to third-party WMDVBE subcontractors. PG&E incorporated this requested data relating to WMDVBES by including supplier diversity as a consideration in the offer shortlisting process. Lastly, in order to encourage more WMDVBE subcontracting, the RPS contracts included provisions where the developer specified, as a contract term and condition, the level of WMDVBE spend commitment.

PG&E has also entertained bilateral discussions for power procurement product transactions with WMDVBES, to the extent they conform to CPUC-approved Renewables Portfolio Standard and Bundled Procurement Plans. Such products include Renewable Energy Credits and natural gas transactions.

PG&E's natural gas purchases for the electric portfolio had a stellar year, purchasing day-ahead and month-ahead gas in Western U.S. delivery points totaling \$117 million in notional value. This was an 88 percent increase over 2013. PG&E's Electric Fuels team conducted three electronic solicitations for multi-month physical gas commodity products in 2014, and solicited its WMDVBE (and non-WMDVBE) counterparties enabled with natural gas master agreements. PG&E executed three WMDVBE transactions as a result of these solicitations. PG&E also solicited offers from each of its WMDVBES for one-month gas supply and executed over fifty such trades with WMDVBES in 2014. In addition, one WMDVBE offered into the April 2014 electronic solicitation for physical gas call options.

In PG&E's CHP RFO 3, three projects were offered by one WMDVBE partnering with a generator. Nine offers had WMDVBE subcontracting spend estimate ranging from 1 to 15 percent during commercial operation. One executed offer had a WMDVBE subcontracting spend estimate of 2 percent.

In PG&E Electric Fuels' electronic solicitation for physical gas options, one of the offers was from a WMDVBE.

In PG&E's Intermediate Term RFO, the Utility executed a multiyear import resource adequacy (RA) capacity product with a WMDVBE. Another transaction was executed with a counterparty that has a formal WMDVBE subcontracting program.

In PG&E's GHG Offset Credit RFO, three counterparties with supplier diversity programs offered into the RFO.

In PG&E's ReMAT program, the Utility executed five contracts with WMDVBES in 2014, and another five WMDVBE contracts were offered in 2014, and are still in the procurement queue. By comparison, in 2013, the Utility awarded one WMDVBE contract, along with five WMDVBE contracts offered that year.

In PG&E's RAM 5 RFO, three registered WMDVBES submitted five offers. Furthermore, the executed portfolio has forecasted WMDVBE subcontracting spend of 36 percent prior to commercial operation and 32 percent after commercial operation date.

In PG&E's December 2014 Import Energy solicitation, two WMDVBES offered products.

In PG&E's 2013 RPS RFO, five registered WMDVBES submitted offers, and one WMDVBE was shortlisted. The projected WMDVBE subcontracting spend for all offers was 17 percent prior to commercial operation and 8 percent after commercial operation date.

In 2014, PG&E added two more power procurement master enabling agreements with WMDVBEs, giving PG&E a total of six such agreements.

In 2014, PG&E Electric Fuels executed one new natural gas master enabling agreement with a WMDVBE, giving PG&E Electric Fuels a total of 11 such agreements.

Fuels for Generation Description

Diesel

PG&E's Humboldt Bay burns a small amount of diesel for ignition and to refuel plant vehicles. Additionally, the engines will operate solely on diesel fuel whenever natural gas is unavailable. A WMDVBE supplies this bulk diesel fuel for the Humboldt Bay Generating Station. In addition, Colusa, Gateway and Humboldt Bay Generating Stations all use diesel in plant vehicles and equipment, which is supplied by local, non-WMDVBE companies.

Nuclear

The nuclear fuel cycle is divided into four main procurement activities: uranium procurement, conversion services, enrichment services and fabrication of the final fuel assemblies.

For uranium procurement, PG&E utilizes several of the primary producers in the world market.

For conversion services, primary worldwide producers are contracted.

Enrichment services are provided by a variety of non-WMDVBE companies.

PG&E used a non-US-based, majority-owned fabrication supplier. Various suppliers ensure security of supply due to the uranium mining, conversion and enrichment activities primarily outside the U.S.

The specialized supply chain for nuclear fuel creates extraordinary barriers to entry and limited opportunities for potential WMDVBEs.

Total nuclear fuel expenses for 2014 were \$104,623,367.

Coal

PG&E's owned-generation portfolio does not include coal.

Natural Gas

PG&E purchases gas supplies from producers and marketers in Canada, the U.S. Rockies and California on a daily, monthly and longer-term basis to serve its company-owned generating facilities and tolling agreements. More information about PG&E's natural gas procurement is available in the Natural Gas Fuels for Generation section of Annual Energy Product Results by Ethnicity and WMDVBE Certification section of this report.

Program Expenses (Sec. 9.1.3)

Program expenses for electric procurement are included in the overall Supplier Diversity Program Expenses (see section 9.1.3 of the Supplier Diversity 2014 Annual Report and 2015 Annual Plan).

Goal Progress (Sec. 9.1.4)

Below is a summary of PG&E's progress towards its WMDVBE percentage target goals:

1. Educated prime suppliers about PG&E's supplier diversity goals through a WMDVBE subcontracting webinar, pre-bid webinars, workshops, roundtable panel discussions, business matchmaking events, and one-on-one discussions
2. Updated a list of potential WMDVBEs interested in electric procurement and held one-on-one sessions with all WMDVBEs who requested a meeting with PG&E and expressed a desire to participate in California's Wholesale Electric Market
3. Ensured electric procurement information was easily accessible from PG&E's Supplier Diversity website and improved the dissemination of information to WMDVBEs
4. Strengthened energy procurement policies and procedures for RFOs, including incorporating supplier diversity reporting requirements into contracts
5. Worked collaboratively with the other gas and electric utilities to clarify reporting guidelines and partnered on outreach activities
6. Created and implemented a Supplier Diversity Power Procurement Champion structure to foster WMDVBE participation in all facets of PG&E's power procurement activities
7. Dedicated additional resources to help execute the Power Procurement Supplier Diversity action plan
8. Created a brochure identifying opportunities for WMDVBEs to participate in power procurement transactions with PG&E, for use at conferences and business matchmaking events
9. Selected a WMDVBE to participate in PG&E's formal Supplier Development Program for 2015

Subcontractors (Sec. 9.1.5)

PG&E understands that future success in electric procurement will require ongoing education and training of its major suppliers. In 2014, PG&E continued to emphasize the importance of supplier diversity through RFOs and workshops, as well as recommend resources that will help with the identification of WMDVBES.

In addition, to encourage prime suppliers to subcontract with WMDVBES—and to encourage the reporting of such subcontracting opportunities—PG&E hosted two well-attended WMDVBE subcontracting webinars in December 2014.

This outreach proved to be effective, as PG&E's counterparties reported \$13 million in subcontracting to WMDVBES for 2014, compared to less than \$1 million in 2013. Of the \$13 million, more than \$900,000 is attributed to power purchase agreements currently delivering energy and capacity to PG&E and is thus reportable under General Order 156. The remainder is attributed to power generation projects under contract to PG&E that are under construction.

Complaints (Sec. 9.1.6)

General Order 156 Ruling on August 24, 2006 ended the requirement to summarize complaints.

Exclusions (Sec. 9.1.7)

PG&E ceased reporting excluded categories in accordance with the 2003 CPUC ruling.

Diverse Suppliers in Underutilized Areas (Sec. 9.1.8)

Similar to other underutilized areas of its business, PG&E collaborated with the other California utilities to address challenges, build strategies and make recommendations to improve the participation of WMDVBES.

This collaboration was successful in 2014, as PG&E's diverse spend in power procurement activities well exceeded 2013 results.

Retention of All Documents/Data (Sec. 9.1.9)

PG&E retains all final documents and data used to compile its Supplier Diversity Annual Report and Annual Plan for the longer of either three years or in accordance with internal policies.

PG&E will continue to respond to all data requests upon request.

Participation Results by Fuel Category (Sec. 9.1.10A)

See Annual Energy Product Results Ethnicity and WMDVBE Certification table.

Market Conditions and Outreach (Sec. 9.1.10B)

The characteristics of the electric market are unique compared to the natural gas market. Electric markets are characterized by long-life assets. These assets, each of which could cost hundreds of millions of dollars, are generally held by large corporations or financial institutions. As such, it is a challenging market for WMDVBES to enter and receive capacity payments.

PG&E's procurement objectives, which include assembling a portfolio of reliable and operationally flexible resources, supporting the development of environmentally preferred resources and managing customer costs, are applied to all market participants—WMDVBES and non-WMDVBES alike.

The vast majority of energy payments are through RPS, CHP, QF and conventional tolling contracts, with the remaining amount clearing on a day-ahead basis through the California Independent System Operator (CAISO) market (which is not regulated by the CPUC). With the advent of the CAISO MRTU (Market Redesign and Technology Upgrade) market design, energy is commoditized through a centralized market. Day-ahead energy transactions have predominantly moved away from direct bilateral transactions to energy commodity exchanges. The Dodd-Frank Act has further complicated the electric commodity markets by imposing transaction and reporting rules that are challenging to interpret their applicability. These regulatory challenges give both non-WMDVBE and WMDVBE stakeholders pause when contemplating entry into the electric commodity markets.

For the natural gas commodity, the barriers to entry are different. Asset ownership is not required, and the vast majority of commodity clears through the market or exchanges, so the opportunities are greater for WMDVBES than in electricity commodity. Transactions executed on an indexed price basis—which is how much of the electric commodity market transacts—require less credit and collateral requirements than do fixed price transactions. WMDVBES have participated in this market successfully, and PG&E has taken full advantage of this opportunity with WMDVBES, particularly in 2014. Furthermore, PG&E Electric Fuels routinely considers natural gas master enabling agreements with prospective WMDVBES.

In wholesale power markets, PG&E encourages the participation of WMDVBEs in the highest opportunity area of renewables and RA products. In addition, to facilitate RA and other potential power product transactions, PG&E is engaged in discussions with a number of WMDVBEs for electric master enabling agreements. PG&E is also working with several WMDVBEs to structure arrangements to facilitate and mitigate credit-posting concerns. PG&E also accommodates direct-payment arrangements as requested by WMDVBEs to further facilitate their opportunities in the gas market.

To further promote WMDVBE participation in PG&E Energy Procurement RFOs, PG&E's supplier diversity goals and objectives were presented and discussed at the following Energy Procurement RFO meetings:

- 02-06-2014** CHP RFO 3 Webinar
- 06-11-2014** Fifth Renewable Auction Mechanism (RAM) RFO Webinar
- 03-27-2014** Greenhouse Gas Offset Credit RFO Information Session and Webinar
- 09-24-2014** Joint IOU ReMAT Information Session Webinar
- 11-03-2014** Photovoltaic (PV) RFO Webinar
- 12-19-2014** Energy Storage RFO Webinar

As with any new initiative, there are always challenges, and the recent amendments to General Order 156 to expand WMDVBE participation to wholesale power activities provide no exception. Investor-owned utilities are faced with a difficult task of on-boarding WMDVBEs in a wholesale power market environment of tightening margins. As with any participant wishing to participate in wholesale power activities, meeting industry standard credit and collateral requirements is challenging. PG&E has worked with WMDVBEs to identify transaction types that could be facilitated with minimum credit posting requirements. Further, adding another layer of complexity to transactions to include WMDVBE partnerships was not initially embraced by non-WMDVBEs. However, with strong support throughout PG&E, generators and suppliers will become increasingly aware of the importance of supplier diversity to PG&E, its customers and the California energy market as a whole.

Goals (Sec. 10.1.1)

PG&E's goal is to continue to foster WMDVBE participation in electric procurement through: (1) collaboration and education, (2) communication and outreach and (3) improved procurement processes and awareness.

Planned Internal/External Activities (Sec. 10.1.2)

PG&E has developed a detailed action plan based on effective implementation of General Order 156, collaboration and education, communication and outreach and procurement processes and awareness. The plan includes Energy Procurement and Supplier Diversity owners and action items, whose status will be tracked regularly.

PG&E's 2015 Supplier Diversity goals for Energy Procurement include:

1. Increasing opportunities for WMDVBES to compete for PG&E's energy procurement commodity business through both direct and indirect contracting
2. Increasing both the energy procurement commodity contract dollar and percentage spend the company procures from WMDVBES
3. Assisting WMDVBES, ethnic chambers and business trade associations to better understand PG&E Energy Procurement's practices, processes, plans and goals
4. Increasing awareness and support for achieving PG&E's supplier diversity goals throughout the energy procurement organization
5. Deploying a strategy finalized in 2014 to increase energy purchases in targeted areas that will increase opportunities for WMDVBES to participate
6. Increasing advocacy efforts on prime suppliers' subcontracting to WMDVBES, and promoting prime supplier and WMDVBE matchmaking events
7. Exploring ways to count and report WMDVBE subcontracting spend under General Order 156 on generation projects during their pre-Commercial Operation Date status

Recruitment Plans for Suppliers in Underutilized Areas (Sec. 10.1.3)

PG&E is committed to working with internal and external stakeholders to make it easier for WMDVBES to transact power products with PG&E. To break down barriers, this support will include identifying practical opportunities, as well as collaborating with other utilities, WMDVBE power providers and the CPUC.

Another crucial component of PG&E's plan is to continue to educate developers on the value of considering WMDVBES during all phases of construction. The company will also grow its outreach to WMDVBES in power procurement.

In 2015, PG&E plans to sponsor a Power Procurement WMDVBE Business Matchmaking event, similar to the event that took place on October 2, 2013 in San Francisco, in partnership with SDG&E and SCE. This event will feature speakers and one-on-one business matchmaking sessions to discuss business prospects with opportunities ranging from site selection and permitting to construction, IT services, operations and maintenance of electric generation facilities. Billions of dollars are expected to be spent on these types of projects in the next several years as developers build out new renewable generation, conventional generation, and energy storage infrastructure to serve utility customers throughout California.

In addition, PG&E will continue to attend conferences and special events to promote supplier diversity in power procurement, and collaborate with the other California utilities whenever possible.

Also, for 2015, PG&E has selected a WMDVBE to participate in PG&E's formal Supplier Development Program. This is a unique opportunity for a WMDVBE CEO to meet regularly during the year with one of PG&E's Energy Procurement officers to discuss ways to grow a small business in the power procurement space. It also includes full sponsorship of courses offered by the Management Development for Entrepreneurs (MDE) program at UCLA's Anderson School of Business.

In addition, with the General Order 156 Rulemaking 14-10-009 at the CPUC addressing inclusion of Lesbian, Gay, Bisexual and Transgender (LGBT) businesses, PG&E will look for ways in 2015 to encourage LGBT power procurement spend in its supplier diversity efforts.

Plans for Recruiting WMDVBEs in Excluded Categories (Sec. 10.1.4)

General Order 156 Ruling on November 14, 2003 ended the excluded category.

Planned Subcontracting Activities (Sec. 10.1.5)

PG&E's planned subcontracting activities include:

1. Holding targeted meetings with developers to advance opportunities for WMDVBEs
2. Sending broadcast communications to electric procurement participants to notify them of PG&E's commitment to supplier diversity
3. Ensuring that all RFOs include information and communications about supplier diversity requirements, including what cost components are relevant and how spending is verified

Program Compliance (Sec. 10.1.6)

PG&E will comply with all WMDVBE program guidelines.

Fuel Procurement for Non-Generation

Description of 2014 Women, Minority and Service Disabled Veteran Business Enterprise (WMDVBE) Supplier Program Activities (Sec. 9.1.1)

INTRODUCTION

PG&E purchases natural gas to serve its core (residential and small commercial) bundled gas customers. This section provides PG&E’s Annual Utility WMDVBE Program Fuels Report for PG&E’s core natural gas portfolio for 2014, and the Fuels Plan describing PG&E’s Core Gas Supply department WMDVBE goals and planned activities for 2015, and beyond.

PG&E’s 2014 WMDVBE NATURAL GAS PURCHASE OVERVIEW

As shown in Table I below, PG&E’s Core Gas Supply department purchased \$167,609,066 of natural gas from WMDVBEs during 2014, representing 15.11 percent of total purchases. Typically, WMDVBEs choose to participate exclusively in U.S. natural gas markets. Opportunities to engage WMDVBEs are limited because PG&E’s Core Gas Supply department purchases a significant quantity of natural gas supplies in Canada. Excluding Canadian purchases from the procurement base would raise the 2014 WMDVBE participation rate to 26.07 percent of costs.

Table I: PG&E Core Gas Supply

Summary of 2014 Natural Gas Purchases from WMDVBEs January 1—December 31, 2014			
Gas Supplies	WMDVBE Purchase Costs	Total Supply Costs	Total Supply Volume
U.S. and Canadian Purchases	\$167,609,066	15.11%	14.66%
U.S. Purchases Only	\$167,609,066	26.07%	26.45%

DESCRIPTION OF 2014 SUPPLIER DIVERSITY PROGRAM ACTIVITIES

Outreach Activities

PG&E's Core Gas Supply allocated resources in 2014 to establish and maintain contact with WMDVBES. Our staff continued to build business relationships through meetings, telephone discussions and email communications. Analysts assisted WMDVBES to establish or restore certification, establish credit and execute contracts. Core Gas Supply offered enhanced banking and payment options, structuring contract payment provisions to fit the individual needs of many WMDVBES and their source suppliers, including the Funds Transfer Agency (FTA) agreement, in which a bank serves as a fiduciary intermediary between the source supplier and the WMDVBE.

PG&E's Website

PG&E maintains supplier diversity information on PG&E's public website. This electronic connection provides a description of PG&E's Supplier Diversity Program. The website also provides information on how to become a diverse supplier and a description of resources available to assist such suppliers in selling products and services to PG&E and Core Gas Supply.

Expanded Opportunities

During 2014, PG&E's Core Gas Supply analysts assisted WMDVBES with opportunities to provide broker services. Broker services enable WMDVBES to match major producers and suppliers with Core Gas Supply's gas buyers, thereby expanding opportunities beyond direct sales of gas to PG&E. Through a broker arrangement, WMDVBES add value by locating a producer or supplier willing and able to meet PG&E's terms. The broker arranges the initial contact and may facilitate the negotiation and assist with the administration. By acting as a broker, WMDVBES are able to avoid many credit and operational risks, while helping the WMDVBE establish themselves in the natural gas business.

Personal Contacts

Core Gas Supply continuously reaffirms its commitment to General Order 156 and its support of WMDVBES by personally encouraging natural gas producers to work with WMDVBES in marketing gas and services to PG&E, other utilities and end users.

Internal Activities

Core Gas Supply maintains a solicitation list of WMDVBES who have expressed an interest in selling gas to PG&E. Core Gas Supply uses this list to track their certification status and to help ensure WMDVBES are contacted on a regular basis regarding sales opportunities.

Summary of Purchases (Sec. 9.1.2)

PG&E’s WMDVBE NATURAL GAS PURCHASES

PG&E provides opportunities for all suppliers, including WMDVBEs, to compete for its business. In order to meet PG&E’s core natural gas demands, Core Gas Supply maintains a portfolio of supplies of different contract lengths and terms from various supply sources. Core Gas Supply traders typically negotiate prices or accept unsolicited proposals for longer term and prompt month baseload supplies and purchase daily spot gas in the “swing” spot gas markets. During 2014, PG&E encouraged WMDVBEs to participate in all market activities. Appendix A provides PG&E’s Core Gas Supply Diverse Supplier costs by ethnicity and gender.

Program Expenses (Sec. 9.1.3)

There were no specific program expenses allocated to non-generation fuel procurement in 2014. Any associated expenses are included in the overall Supplier Diversity Program Expenses (see section 9.1.3 of the Supplier Diversity 2014 Annual Report/2015 Annual Plan).

Goal Progress (Sec. 9.1.4)

Table II: Diverse Supplier Participation Goals, 2015 and Beyond

	2015	Beyond 2015
Minority	15%	15%
Non-Minority Women	5%	5%
Disabled Veteran	1.5%	1.5%
Total	21.5%	21.5%

PG&E’s long-term fuels procurement goal of 21.5 percent spend with WMDVBEs is based on the total cost of natural gas purchases in accordance with the long-term objective suggested by the CPUC in Decision 95-12-045.

Summary of Utilization of WMDVBE Subcontractors (Sec. 9.1.5)

Trading and marketing natural gas commodity does not lend itself to subcontracting. PG&E’s focus is to locate additional WMDVBEs to serve as direct suppliers for its natural gas purchases.

Supplier Complaints (Sec. 9.1.6)

General Order 156 Ruling on August 24, 2006 ended the requirement to summarize complaints.

Exclusions (Sec. 9.1.7)

Summary of purchases and/or contracts in excluded categories.

General Order 156 Ruling on November 14, 2003 ended the excluded category.

Diverse Suppliers in Underutilized Areas (Sec. 9.1.8)

Historically, and as reported in PG&E's previous annual supplier diversity reports, WMDVBE activity in Canadian markets has been low because of the complexity of conducting international business and the focus by most WMDVBES to concentrate on domestic markets.

During 2014, however, Canadian gas supplies were generally the most economic of all supplies available to PG&E, and Core Gas Supply purchased significant quantities of supplies from Canadian producers and marketers. WMDVBES are generally challenged to find wholesale suppliers willing to conduct business with them in all natural gas markets in which PG&E does business, including Canada. However, PG&E will continue to support WMDVBE growth in all markets through a variety of efforts as further discussed below.

Retention of All Documents/Data (Sec. 9.1.9)

PG&E will retain all documents and data used to compile its Supplier Diversity Annual Report and Annual Plan for the longer of either three years or in accordance with internal policies. PG&E will continue to respond to all data requests upon request.

Participation Results by Fuel Category (Sec. 9.1.10A)

See Appendix A, PG&E's Core Gas Supply, Annual Energy Product Results by Ethnicity and WMDVBE Certification.

Market Conditions and Outreach (Sec. 9.1.10B)

FACTORS LIMITING DIVERSE SUPPLIER GROWTH

Competitive Challenges

Natural gas marketers add value by applying their expertise to find buyers and to creatively fulfill end-user needs while fostering a liquid, transparent market. In addition to providing supplies, the role of many successful marketers has evolved and expanded to include intermediate steps in the supply chain, such as arranging pipeline transportation and storage, providing nomination and balancing services and providing any other services required to facilitate natural gas sales. These complex, commercial arrangements and the myriad of associated services demand that marketers possess critical skills, industry knowledge and commercial connections, in addition to significant organizational resources and financial backing in order to be successful. At this time, only a few WMDVBES have these additional assets and resources.

Institutional Barriers

All industry participants face enormous financial and credit risks. Most WMDVBES are challenged to manage exposure to such risks because they lack the capital to meet collateral requirements, and they generally do not hold physical assets such as natural gas storage to help establish credit or limit exposure to performance risks. Additionally, WMDVBES are generally not able to post sufficient collateral to cover the margin requirements of electronic or online trading platforms, which account for a significant percentage of transactions in today's fast-moving natural gas markets.

Furthermore, although major producers and wholesale suppliers may have their own diversity objectives, they are not guided by General Order 156 and therefore may not be compelled to support California's WMDVBE program.

These issues challenge WMDVBES to provide valuable services and make it difficult for them to compete with other, more sophisticated marketers. However, PG&E monitors its portfolio of gas supplies and works with suppliers in an effort to balance objectives by providing opportunities for WMDVBES while maintaining supply reliability and managing costs for its core customers.

Goals (Sec. 10.1.1)

GOAL: INCREASE WMDVBE PARTICIPATION

Despite the factors limiting WMDVBE growth identified in section 9.1.10B, PG&E will affirm a 21.5 percent participation rate as a long-term objective and will continue in its efforts to reduce the barriers to entry and strive to expand the opportunities in which WMDVBES can participate during 2015.

Planned Internal/External Activities (Sec. 10.1.2)

2015 WMDVBE PROGRAM OBJECTIVES

Progress toward meeting the optimistic goals in Table II may only be achieved through sustained efforts by gas purchasing personnel and by the continued growth and development of WMDVBES. For 2015, PG&E has established the following objectives:

Objective #1: Maintain Awareness

Supplier diversity awareness training will be conducted as needed to familiarize Core Gas Supply traders and staff with available WMDVBES and to emphasize PG&E's Supplier Diversity Program goals.

Objective #2: Maintain Focus

Throughout the year, Core Gas Supply management will utilize internal communications and discussions to highlight to employees the progress they are making toward fulfillment of the General Order 156 objectives.

Objective #3: Assist Gas WMDVBES

Core Gas Supply staff will continue to advise and assist WMDVBES with certification, credit applications and special payment arrangements in order to help establish firms and to prepare WMDVBES to conduct business with PG&E.

Objective #4: Seek Opportunities for WMDVBES

PG&E will continue to encourage WMDVBES to conduct business with PG&E's Core Gas Supply.

Objective #5: Measure Performance

Monthly supplier diversity activity reports will be provided to the Core Gas Supply staff and management. These monthly reports will help to maintain focus, as discussed in Objective #2, and document progress toward reaching PG&E's natural gas diversity goals. It will also serve to stimulate discussions among staff and management to develop innovative solutions addressing issues and challenges, and to create economic opportunities for WMDVBES.

Recruitment Plans for Suppliers in Underutilized Areas (Sec. 10.1.3)

PG&E will continue to encourage WMDVBEs to seek opportunities to participate in Canadian markets, where Core Gas Supply has historically purchased the majority of its gas supplies.

PG&E will work with WMDVBEs to seek new gas supply opportunities, and will offer contractual arrangements to simulate future business.

Plans for Recruiting WMDVBEs in Excluded Categories (Sec. 10.1.4)

General Order 156 Ruling on November 14, 2003 ended excluded categories for Fuel Procurement.

Planned Subcontracting Activities (Sec. 10.1.5)

PG&E is not aware of subcontracting opportunities for natural gas commodity trading.

Program Compliance (Sec. 10.1.6)

PG&E will comply with all WMDVBE program guidelines.

Appendix A. PG&E's Core Gas Supply, Annual Energy Product Results by Ethnicity and WMDVBE Certification

(All dollar figures in \$MM)

Product ¹	Unit	Results by Ethnicity & Gender										Results by WMDVBE Certification								
		Asian-Pacific		African-American		Latino		Native American		Other Minority		Minority Business Enterprise (MBE)		Women Business Enterprise (WBE)		Service-Disabled Veteran Business Enterprise (DVBE)		Total WMDVBE Procurement Spend	Total Procurement Spend	
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male			Female
NATURAL GAS	\$	\$5.15	\$7.79	\$12.94	\$8.03	\$-	\$8.03	\$-	\$5.38	\$-	\$5.38	\$6.01	\$14.92	\$20.93	\$18.56	\$22.71	\$6.01	\$47.28	\$282.83	
	%	0.5%	0.7%	1.2%	0.7%	0.0%	0.7%	0.0%	0.5%	0.0%	0.5%	0.5%	1.3%	1.9%	1.7%	2.0%	0.5%	4.3%		
	\$	\$-	\$18.54	\$18.54	\$34.63	\$-	\$34.63	\$-	\$1.56	\$-	\$1.56	\$23.78	\$41.82	\$65.60	\$36.19	\$60.36	\$23.78	\$120.33	\$826.61	
	%	0.0%	1.7%	1.7%	3.1%	0.0%	3.1%	0.0%	0.1%	0.0%	0.1%	2.1%	3.8%	5.9%	3.3%	5.4%	2.1%	10.8%		
LP _G	\$	\$5.15	\$26.33	\$31.48	\$42.66	\$-	\$42.66	\$-	\$6.94	\$-	\$6.94	\$29.79	\$56.74	\$86.54	\$54.74	\$83.07	\$29.79	\$167.61	\$1,109.44	
	%	0.5%	2.4%	2.8%	3.8%	0.0%	3.8%	0.0%	0.6%	0.0%	0.6%	2.7%	5.1%	7.8%	4.9%	7.5%	2.7%	15.1%		
	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	%																			
	Overall Total \$	\$5.15	\$26.33	\$31.48	\$42.66	\$-	\$42.66	\$-	\$6.94	\$-	\$6.94	\$29.79	\$56.74	\$86.54	\$54.74	\$83.07	\$29.79	\$167.61	\$1,109.44	
	Overall Total %	0.5%	2.4%	2.8%	3.8%	0.0%	3.8%	0.0%	0.6%	0.0%	0.6%	2.7%	5.1%	7.8%	4.9%	7.5%	2.7%	15.1%	Overall WMDVBE:	

Totals may not add due to rounding.

**This report for 2014 is on a cash basis and includes only transactions with payments made to WMDVBES in 2014

Note:

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

Long Term The term of the deal is greater than one calendar month and no longer than one calendar year.

¹Excludes purchases from the CAISO, other IOUs, utilities, Federal entities, State entities, Municipalities and cooperatives.

