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March 1, 2016

**VIA E-MAIL**

Timothy J. Sullivan, Executive Director  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102-3298

**Re: General Order 156 Compliance Filing – Annual Report and Plan**

Dear Mr. Sullivan:

Pursuant to General Order 156, Verizon California Inc. (U 1002 C) hereby electronically files its 2015 Annual Report. This report is available to others upon request.

Very truly yours,

A handwritten signature in black ink, appearing to read "R M Reyes".

Rudolph M. Reyes

Attachment



**WOMEN, MINORITY, AND DISABLED  
VETERAN BUSINESS ENTERPRISE  
ANNUAL REPORT AND ANNUAL PLAN**

**CPUC**

**ANNUAL REPORT**

**WOMEN, MINORITY, AND DISABLED VETERAN BUSINESS ENTERPRISE  
ANNUAL REPORT AND ANNUAL PLAN  
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**INTRODUCTION**

Verizon California Inc. (U 1002 C) (“Verizon”) submits this 2015 Annual Report in compliance with GO 156. Section 9 of the California Public Utilities Commission’s (CPUC) General Order 156 requires utilities to electronically file an annual report discussing ten topics. Section 10 of GO 156 requires utilities to discuss its plans to increase the following reporting year expenditures. The CPUC issued Decision 15-12-005 on December 3, 2015 in which it approved the sale and transfer of Verizon to Frontier, therefore Section 10 of GO 156 will not be addressed in this report.

Verizon’s supplier diversity program is key to our brand, reputation and growing the bottom line. It’s a business imperative because we know having suppliers from a variety of backgrounds affords us diversity of thoughts, ideas and values that helps drive our business forward. Diverse suppliers provide agility, innovation and competitive solutions which allows us to provide our customers with new and exciting technologies and platforms.

**OVERVIEW**

In 2015, Verizon spent 51.2% of its procurement dollars with WMDVBES exceeding all GO 156 diversity spend goals. These results support our longstanding commitment to the inclusion and utilization of diverse suppliers throughout our supply chain.

Verizon is committed to promoting and integrating WMDVBES into our supply chain. We believe that including WMDVBES in our sourcing process can provide us the greatest opportunity to develop the most innovative, highest quality, and most cost-effective business solutions. Through direct experience, we know that inclusion of WMDVBES in our business can enable us to deliver business benefits and outstanding results that could otherwise not be possible. We strive to ensure that our business leaders have a broad understanding of the business case for working with WMDVBES and the competitive advantage that a robust supplier diversity process can provide the company.

**GO 156, §9.1.1: A description of WMDVBE program activities engaged in during the previous calendar year. Internal program activities.**

## **INTERNAL PROGRAM ACTIVITIES**

### Key Procurement Opportunities

As Verizon continued to introduce new technologies throughout California, the impact has led to new and exciting opportunities for customers and also for the supplier base providing the support for those technologies. In 2015, Verizon continued to assess procurement opportunities and focused specifically on technology, marketing, and logistics to expand our diverse supplier base, to keep us competitive and to help build long-term value for our customers.

### Supplier Diversity At Verizon

At Verizon, diversity means cultivating an inclusive organization that reflects the marketplace and leverages the diversity of employees, customers, suppliers, and community partners because it's the right thing to do and drives business success.

Our strategy is to continually partner with a qualified diverse supply base with the right capabilities and capacity to enable mutual success, create superior solutions for our customers, value for our shareholders, engagement from our employees and positive impact to the communities we serve because it's smart business and it's the right thing to do.

Verizon supports numerous outreach/advocacy organizations, which promote and support the development of WMDVBES through memberships, board of directors and committee positions, as well as sponsorships. Our sponsorships and participation with these organizations give us the opportunity to make valuable business connections and partnerships, while providing additional training, support, and capacity building assistance to diverse business.

### WMDVBE Contract Commitments

We build into our contracts WMDVBE commitments with suppliers in support of our principles and to encourage diversity in supplier development, growth and utilization. We believe that driving diverse supplier utilization through our supply chain will fuel the economy in the diverse business community and provide a multiplier effect for diverse business utilization.

### Annual Plans

Verizon's purchases of goods and services are obtained via a competitive bid process for contracts over \$1M and managed by Category Sourcing Experts ("CSEs") within Verizon's Strategic Sourcing organization. The Strategic Sourcing organization's performance agreements include WMDVBE goals and objectives.

### Employee Education

- **Supplier Diversity Training** – Verizon continued to focus on its employee supplier diversity education training in 2015. The supplier diversity team consists of subject matter experts who provide information on certifications, reinforce the business case for supplier diversity, and serve as resources for the identification of diverse suppliers. The supplier diversity team provided on-line supplier diversity training specifically for the strategic sourcing organization as well as on-line supplier diversity awareness training module for the entire business enterprise.
- **Business Group Meetings and Conferences** –The supplier diversity team participates in business group meetings and conferences. During these meetings, with line of business senior leaders, the team is able to share supplier diversity goals, results and initiatives. Follow-up meetings take place to insure Verizon makes progress toward meeting its supplier diversity goals.

### Supplier Diversity Champions

Verizon has Supplier Diversity Champions within Sourcing and Procurement and other internal organizations. These champions identify minority business opportunities and advocate at all employee levels by educating employees on the benefits of Supplier Diversity within the company and the corporate community. Verizon has a network of Supplier Diversity champions from across the business enterprise that help broadcast and support Verizon's supplier diversity initiatives within their departments and the business community. The champions also educate diverse suppliers on certification and verification, on-line registration, small business development and how to do business with Verizon. These advocates also attend and participate at many outreach events such as trade fairs, conferences, community fairs, and business development workshops.

### Capacity Building Program - Premier Supplier Academy

In 2015, Verizon continued its efforts with the Premier Supplier Academy (PSA). The PSA provides an invaluable opportunity for invited WMDVBE's to meet with Verizon's prime suppliers; enables Verizon's primes to develop new business relationships; encourages our prime suppliers to provide additional opportunities for women, minority and service disabled veteran owned businesses to participate in their procurement process. In 2015, Verizon held several Premier Supplier Academies:

- Second quarter 2015, Verizon partnered with 5 construction prime suppliers and held 5 different PSA sessions on Doing Business with Primes Workshops. A total of forty-five (45) veteran, minority and women owned businesses attended.

- Second quarter 2015, One of Verizon's prime suppliers for marketing media services partnered with Verizon and held a Doing Business with Primes Workshop. Seven (7) women owned and minority owned businesses attended.

### Internal Communication

In 2015, the Verizon supplier diversity team continued with an extensive internal communications effort:

1. Verizon issued comprehensive reports that tracked supplier diversity progress. Verizon also issued reports that tracked progress toward California WMDVBE goals. Verizon's Supplier Diversity Leadership team provided detailed presentations about progress to Verizon business unit leaders and other key internal stakeholders.
2. Verizon's supplier diversity website provides current information on certification and registration, supplier selection criteria, contact information, and other pertinent information for prospective suppliers.

### Key California Initiatives

Each year, Verizon strives to exceed its supplier diversity goals. To do so, the supplier diversity team focuses on initiatives designed to integrate diversity into our procurement process and garner company-wide participation. There were several key initiatives for 2015 including the following:

**Focus on Business and Procurement Opportunities:** Verizon continued to assess procurement opportunities and focused specifically on technology, marketing, and logistics to expand our diverse supplier base, to keep us competitive and to help build long-term value for our customers. Verizon's supplier diversity team participated on cross-functional sourcing initiatives, in one-on-one diverse supplier meetings at the NMSDC and WBENC conferences, and held Premier Supplier Academy sessions to ensure progress was made to meet Verizon's WMDVBE goals.

**Cross Functional Teams:** The supplier diversity team worked directly on cross-functional teams to ensure that WMDVBEs were considered for opportunities. Within the Verizon procurement process, cross-functional teams consist of sourcing process leaders, lines of business managers and supplier diversity managers. The effort and expertise of our cross-functional teams created streamlined and consolidated purchases in order to boost efficiencies as well as maintain and/or increase the utilization of diverse suppliers.

**Internal Partnerships:** Internal partnerships throughout the business enterprise continued throughout 2015 to drive accountability and focus on results. The supplier

diversity team targeted large and small Request for Proposals (RFPs) across the various products/services that had California spend impact.

**Evaluated National RFPs:** The supplier diversity team reviewed and evaluated national RFPs for possible California impact. Supplier diversity managers joined RFP teams to ensure that California WMDVBE goals were integral to the supplier selection process. Where purchases were to be made directly from Original Equipment Manufacturers (OEMs), the team identified opportunities in the supply chain for value-added WMDVBE service providers.

**Prime Supplier Focus:** Verizon continued to recommend its prime suppliers develop and/or expand their own supplier diversity programs. Prime supplier contracts are required to have a WMDVBE utilization plan. As a follow-up to each prime supplier's utilization plan, where goals were not being met, Verizon encouraged prime suppliers to make additional concerted efforts to use more WMDVBE subcontractors, invited them to participate in advocacy conferences and symposiums and to report quarterly as part of our WMDVBE second tier program.

**Improve Processes and Procedures:** Verizon continued to build and improve on processes and procedures to better measure, monitor, and improve its performance toward California WMDVBE goals.

<b>GO 156 §9.1.1: Description of WMDVBE program activities during the previous calendar year. External program activities.</b>
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## **EXTERNAL PROGRAM ACTIVITIES**

### **Second Tier Program**

Verizon works with prime suppliers to achieve supplier diversity at multi-tiered levels within its value chain. The program requires prime suppliers to report their utilization of WMDVBE subcontractors 30 days after each ending quarter. The purpose of the second tier program is to track prime suppliers subcontracting dollars spent with women, minority, and service disabled veteran suppliers and insure inclusion and utilization of diverse suppliers throughout the Verizon supply chain while optimizing resources. The supplier diversity team frequently conducts training sessions to insure that the prime suppliers successfully enter their spend data into the portal. Verizon continues to partner with key prime suppliers to review requirements and develop a strategy for WMDVBE subcontracting.

### **Prime Supplier Utilization Plans**

During the RFP process, prospective prime suppliers are required to submit a “utilization plan,” a plan that includes objectives for subcontracting WMDVBE firms. In awarding contracts, Verizon views a prospective first tier supplier’s written commitment to use WMDVBE firms as an important consideration. This written commitment becomes part of the contract. Verizon contractually requires prime suppliers to submit reports tracking adherence to this commitment.

### **Capacity Building and Technical Assistance Programs**

In 2015, Verizon continued to support chambers of commerce, business associations, and other organizations that are dedicated to helping diverse businesses be more efficient and effective in operating by partnering with them to provide the following technical assistance, capacity building, and training programs.

#### **American Indian Chamber of Commerce (AICC)**

Verizon partnered with the AICC on its **Entrepreneurial Development Program Capacity Building Capacity and Technical Assistance Program** designed to provide American Indian business owners with practical information and training on starting new businesses, capacity building for existing businesses, and providing technical support for all sizes of businesses once they receive procurement opportunities.

Arizona Women's Business Enterprise Council (Arizona WBENC)

Verizon partnered with Arizona WBENC on the **CPUC San Diego Small Business Expo**. The expo brought together over 500 small and diverse businesses and 30 public and private California utilities. The event focuses on assisting small and diverse businesses with technical development and training in corporate and utility procurement through workshops, panel discussion, and one-on-one strategic business matchmaking.

Asian Business Association of Los Angeles (ABA-LA)

Verizon partnered with the ABA-LA on its **Effective Negotiations Workshop** designed to provide business owners with the tools needed to become effective negotiators by understanding the needs, concerns and motivations of the other party, providing the tools needed to achieve consensus within their companies and enhance their powers of persuasion.

Asian Business Association of Orange County (ABA-OC)

Verizon partnered with the ABA-OC to provide its educational **Business Matchmaking Workshops (BMW)** designed to assist small business owners who want to pursue and receive contract awards with large corporations and government agencies.

Asian Business Association of San Diego (ABA-SD)

Verizon partnered with the ABA-SD on its **GROW - Economic Development Training Program** designed to help companies increase capacity, amplify profitability, and save money and time -- in short, to be smarter and more successful in their businesses.

Black Business Association of Los Angeles (BBA)

Verizon partnered with the BBA on the **eBusiness Technology Academy** designed to educate small and minority-owned businesses on how to incorporate e-marketing, e-procurement and customer relations management tools into their daily business operations.

California Asian Pacific Chamber of Commerce (CAPCC)

Verizon continued its partnership with the California Asian Pacific Chamber of Commerce in support of the **Business Development and Education Programs** at the 4th Annual California Asian Business Summit.

California Black Chamber of Commerce (CBCC)

Verizon partnered with the CBCC on their **Youth Entrepreneurship & Green Business Development Program** to introduce young entrepreneurs to the concept of small business ownership as a viable career choice. This program provides students the opportunity to acquire skills and build vital business and personal networks that will enhance their effectiveness as future business owners.

California DVBE Alliance

Verizon continued its partnership with the DVBE Alliance with the **Keeping the Promise** conference. The conference provides networking, business matchmaking, information sharing and access to government and corporate contracting and supplier diversity professionals.

California Small Business Education Foundation

Verizon partnered with California Small Business Education Foundation on its **Small Business Resource Center**. The Small Business Resource Center provides data and research products that help inform and educate the small business firm as well as serve as a reference for the private, public and consumer on the economic importance of the small business entity.

Elite SDVOB Network

Verizon continued its partnership with the Elite SDVOB Network at the **National Conference**. The three-day workshop was filled with education panels and presentations, networking and matchmaking meetings.

Latin Business Association Institute (LBA-I)

Verizon continued to partner with the LBA-I on its **Supplier Diversity Procurement Bootcamp**. The Bootcamp is a seven week program that offers hands on training on the key elements of what it takes to develop and sustain a high performance business.

National Asian American Coalition

Verizon partnered with the National Asian American Coalition on its **Micro Technical Assistance Program** to help micro-business owners identify and develop their strategic performance through clear analysis of customer and market requirements.

National Association of Women Business Owners (NAWBO-LA)

Verizon partnered with the National Association of Women Business Owners (NAWBO-LA) to provide its **PEAK Program** to educate women-business owners in the key areas of success -- strategic planning, process orientation, financial acuity, culture and crisis management and long-term growth.

Southern California Minority Supplier Development Council

Verizon sponsored and participated in **Minority Business Opportunity Day**, an event hosted by the Southern California affiliate to the National Minority Supplier Development Council (NMSDC), which included a trade fair, networking and matchmaker meetings.

2015 Awards and Recognition

Verizon was recognized with the following awards and recognitions in 2015:

**Awards & Recognition – Supplier Diversity****President’s Corporate Appreciation: California Black Chamber of Commerce**

The CBCC President’s Corporate Appreciation Award was presented to Verizon for its continued support and commitment to African American owned businesses.

**One of America's Most Admired Corporations for Supplier Diversity: Minority Business News U.S.A**

MBN USA recognized Verizon among its 2015 Corporate 101: America's Most Admired Corporations for Supplier Diversity for a demonstrated commitment to growing and developing minority-owned enterprises.

**Top Company for Supplier Diversity: Black Enterprise**

Verizon was recognized as one of Black Enterprise's "Top 30 Companies for Supplier Diversity" for demonstrating best practices for diverse representation within the supply chain.

**Top Organization for Multicultural Business Opportunity: DiversityBusiness.com**

DiversityBusiness.com ranked Verizon No. 5 on its “Div50” list which places Verizon on the list of America's Top 50 Organizations for Multicultural Business Opportunities for 2015.

**One of America's Top Corporations for Women: Women's Business Enterprise National Council**

For the 10th consecutive year Verizon was recognized by the Women’s Business Enterprise National Council as one of America's Top Corporations for Women's Business Enterprises.

**Awards & Recognition -- Diversity****A "Top 50 Employer": Workforce Diversity Magazine**

Verizon was named a "Top 50 Employer" in Workforce Diversity for Engineering & IT Professionals Magazine. The readers of this magazine selected the top companies for which they would most prefer to work or believe would provide a positive working environment for engineers & IT professionals who are members of minority groups.

**Best Companies for Multicultural Women: Working Mother**

Verizon has been ranked on the 2015 Working Mother Best Companies for Multicultural Women list -- now ten years in a row. The initiative honors companies that are committed to recruiting, retaining and advancing women of color.

**Ranked #1 on Top 50 Employers List: Equal Opportunity Magazine**

Verizon has been ranked first on the “Top 50 Employers” list in Equal Opportunity Magazine.

**One of America's Top Companies for Executive Women: National Association for Female Executives**

Verizon has been named one of the 2015 “NAFE Top Companies for Executive Women” by the National Association for Female Executives (NAFE), which honors American corporations that identify and promote successful women.

**40 Best Companies for Diversity: Black Enterprise**

Verizon was recognized in Black Enterprise’s annual 40 Best Companies for Diversity 2015 list, showing strengths in diversity in our employee and board member base.

**Awards & Recognition – Workplace Excellence****Best For Vets: Military Times**

Verizon’s strong record for recruiting and hiring military veterans and service members has earned the company the No. 1 spot on the Military Times Best for Vets: Employers 2015 rankings.

**Ranked #1 in VetFriendly Top Ten Employers: Veteran Recruiting's Survey**

Verizon was named the number one VetFriendly company from Veteran Recruiting's survey. More than 67,000 veterans and military spouses were surveyed and questioned on recruiter responsiveness, vet-friendly messaging on the company Website, among other related topics.

**Top Military Spouse-Friendly Employer: Military Spouse magazine**

Verizon was recognized as a top military spouse-friendly company for recruitment, hiring practices, retention policies and programs.

**Awards & Recognition - Innovation****America's #1 Network, four times in a row: RootMetrics®**

RootMetrics ranked Verizon #1 in overall, reliability, speed, data and call network performance in the U.S.

**Verizon FiOS: Rated #1 Internet for Business: PC Magazine**

Verizon is a proud winner of PC Magazine’s first-ever Business Choice Award. The study surveyed small businesses who ranks rated Verizon FiOS as the best Internet Service Provider (ISP), and No. 1 in customer satisfaction, reliability, and technical support.

### Board Participation

Verizon managers and executives serve on several organizational boards as officers and advisors. They offer advice and counsel to small businesses on how to grow their business in addition to assisting suppliers on how to meet Verizon's business needs.

### Business Organization Involvement - Meetings, Conferences, Trade Fairs and Recognition Events

Verizon managers and executives serve on several organizational boards as officers and advisors. They offer advice and counsel to diverse and small businesses on how to grow their business in addition to assisting suppliers on how to meet Verizon's business needs.

### California Joint Utilities Committee (CJUC)

Verizon participated on the California Joint Utilities Committee, working with the joint utilities on common regulatory issues relative to GO 156, the Supplier Clearinghouse and other regulatory matters.

### California Utilities Diversity Council (CUDC)

In 2015, as a member of the CUDC, Verizon shared diversity best practices in the areas of governance, supplier diversity, employment, philanthropy, and customer service.

### CPUC Small Business Expos, Procurement Sessions and Workshops

In 2015, Verizon participated in Small Business Expos throughout the state of California to promote small business development. Verizon procurement and supplier diversity managers participated in panel presentations, one-on-one business matchmaking, and networking sessions with diverse businesses. These business opportunities provided small and minority business enterprises the ability to explore potential supplier/buyer contracts, the opportunity to learn of contracting opportunities firsthand and ensure the best return on time invested.

### External Communication

Verizon continues to meet and communicate with key prime suppliers to review requirements for WMDVBE subcontracting. Verizon responded to daily requests for information from prospective WMDVBE suppliers. Staff maintained daily outreach efforts to incumbent WMDVBE suppliers, directly meeting with many and answering requests for information.

**GO 156 §9.1.2: A summary of WMDVBE purchases and/or contracts, with breakdowns by ethnicity, product and service categories, compared with total utility contract dollars, awarded to outside vendors in those categories.**

**EXHIBIT A**

See Exhibit A attached hereto.

Summary of Purchases:

WMDVBE Annual Results by Ethnicity - Verizon California						
2015 GO156						
LINE NO.			DIRECT	SUB	TOTAL (\$)	TOTAL (%)
1	<b>MINORITY MEN</b>	ASIAN PACIFIC M	\$ 5,889,343.72	\$ 2,529,282.03	\$ 8,418,625.75	5.22%
2		BLACK M	\$ 1,159,656.76	\$ 2,805,137.74	\$ 3,964,794.50	2.46%
3		HISPANIC M	\$ 20,315,477.73	\$ 1,280,192.62	\$ 21,595,670.35	13.38%
4		NATIVE AMERICAN M		\$ 1,552,440.71	\$ 1,552,440.71	0.96%
5		<b>TOTAL MINORITY MEN</b>	\$ 27,364,478.21	\$ 8,167,053.10	\$ 35,531,531.31	22.02%
6	<b>MINORITY WOMEN</b>	ASIAN PACIFIC W	\$ 166,156.85	\$ 2,722,920.71	\$ 2,889,077.56	1.79%
7		BLACK W	\$ 342.40	\$ 67,402.64	\$ 67,745.04	0.04%
8		HISPANIC W	\$ 1,974,284.93	\$ 224,928.52	\$ 2,199,213.45	1.36%
9		NATIVE AMERICAN W		\$ 2,428,854.64	\$ 2,428,854.64	1.51%
10		<b>TOTAL MINORITY WOMEN</b>	\$ 2,140,784.18	\$ 5,444,106.51	\$ 7,584,890.69	4.70%
11		<b>TOTAL MINORITY BUSINESS ENTERPRISE</b>	\$ 29,505,262.39	\$ 13,611,159.61	\$ 43,116,422.00	26.72%
12		<b>WOMEN BUSINESS ENTERPRISE (WBE)</b>	\$ 22,468,863.38	\$ 1,175,504.79	\$ 23,644,368.17	14.65%
13		<b>SUBTOTAL WOMEN, MINORITY BUSINESS ENTERPRISE</b>	\$ 51,974,125.77	\$ 14,786,664.40	\$ 66,760,790.17	41.37%
14		<b>SERVICE DISABLED VETERAN BUSINESS ENTERPRISE</b>	\$ 655,989.64	\$ 15,260,146.20	\$ 15,916,135.84	9.86%
15		<b>TOTAL WMDVBE</b>	\$ 52,630,115.41	\$ 30,046,810.60	\$ 82,676,926.01	51.23%
16		<b>TOTAL PRODUCT/SERVICE</b>			\$ 161,379,875.07	

**GO 156 §9.1.3: An itemization of WMDVBE program expenses.**

<b>Expense Category</b>	<b>2015 Actuals</b>
Wages	\$180,000
Other Employee Expense	\$0
CPUC Clearinghouse	\$55,282
Program Expense	\$10,000
Technical Assistance	\$205,000
Total	\$450,282

The Verizon supplier diversity team also receives external affairs, regulatory, legal and other support that is not quantified in the table above.

**GO 156, § 9.1.4: A description of progress in meeting or exceeding set goals and an explanation of any circumstances that may have caused the utility to fall short of its goals.**

In 2015, Verizon spent 51.2% of its procurement dollars with women, minority and disabled veteran owned business enterprises (WMDVBEs). Verizon exceeded all General Order 156 diversity spend goals for WMDVBEs. These results support our longstanding commitment to the inclusion and utilization of diverse suppliers throughout our supply chain.

Women Business Enterprises (WBE)

Verizon was successful in exceeding the CPUC objectives for WBE. WBE purchases accounted for 14.7% of total purchases, well ahead of the 5% GO156 WBE goal.

Minority Business Enterprises (MBE)

Verizon was successful in exceeding the CPUC objectives for MBE. MBE purchases accounted for 26.7% spend in 2015. The team focused on large and small RFPs on a multi-tier basis across the various services that had Verizon California spend impact. Some of these services included IT and network technology and professional and construction services. The team worked directly with Sourcing CSEs and cross-functional business teams to ensure that MBE suppliers were considered for opportunities. We increased our efforts to provide key opportunities and to focus on increasing spend with MBE suppliers in historically underutilized product service areas. Verizon continued its support of small and minority businesses by sponsoring technical assistance workshops, small business educational scholarships, business development workshops and other projects to increase the skill and knowledge of the growing small business segment in California. Through these efforts Verizon was able to identify potential suppliers in areas with low utilization.

Disabled Veteran Business Enterprises (DVBE)

Verizon once again surpassed the 1.5% GO156 DVBE goal, spending 9.9% in 2015.

Verizon intensified its focus to identify and introduce veteran-owned businesses through our Premier Supplier Academy sessions on how to do business with our prime suppliers to increase tier 1 and tier 2 opportunities in the construction services area.

The supplier diversity team worked closely within the Sourcing and Network Services teams to identify opportunities for DVBEs to be included in Verizon's business proposals for various contracts. Verizon also worked closely with numerous prime suppliers to include DVBEs for subcontracting opportunities.

**GO 156, § 9.1.5: A summary of prime contractor utilization of WMDVBE subcontractors.**

In 2015, Verizon focused on second tier spend which provided a direct means to increase contracting opportunities for WMDVBEs through prime supplier engagement, ensuring continued participation by diverse suppliers in the supply chain. In addition, we worked with various state and nationally recognized organizations whose mission is to link minority, women owned and disabled veteran owned firms to corporate business opportunities. We identified and worked with several Verizon prime suppliers who we view as essential to our company's operations to utilize WMDVBE firms.

Prime suppliers submitted second tier spend with WMDVBE suppliers in the following categories:

Verizon California Inc.	2015 Annual Report	G.O. #156 Sec. 9.1.5
<b>A SUMMARY OF PRIME CONTRACTOR UTILIZATION OF WMDVBE SUBCONTRACTORS</b>		

	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women & Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	TOTAL WMDVBE
<b>Direct \$</b>	\$27,364,478	\$2,140,784	\$29,505,262	\$22,468,863	\$51,974,126	\$655,990	<b>\$52,630,115</b>
<b>Subcontracting \$</b>	\$8,167,053	\$5,444,107	\$13,611,160	\$1,175,505	\$14,786,664	\$15,260,146	<b>\$30,046,811</b>
<b>Total</b>	<b>\$35,531,531</b>	<b>\$7,584,891</b>	<b>\$43,116,422</b>	<b>\$23,644,368</b>	<b>\$66,760,790</b>	<b>\$15,916,136</b>	<b>\$82,676,926</b>

<b>Direct %</b>	17.0%	1.3%	18.3%	13.9%	32.2%	0.4%	32.6%
<b>Subcontracting %</b>	5.1%	3.4%	8.4%	0.7%	9.2%	9.5%	18.6%
<b>Total %</b>	<b>22.0%</b>	<b>4.7%</b>	<b>26.7%</b>	<b>14.7%</b>	<b>41.4%</b>	<b>9.9%</b>	<b>51.2%</b>

<b>Net Procurement</b>	<b>\$161,379,875</b>
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**GO 156, § 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.**

Verizon is proactive in resolving issues that arise as a result of direct or subcontracting relationships. There were no formal complaints in 2015.

**GO 156, § 9.1.7: A summary of purchases and/or contracts for products and services in excluded categories.**

Verizon does not exclude any product/service category from its purchase base. Only exclusions specifically stated in General Order 156, Section 8 such as payments to other utilities, government fees and taxes and Verizon affiliates are excluded.

**GO 156, § 9.1.8: A description of any efforts made to recruit WMDVBE suppliers of products or services in procurement categories where WMDVBE utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature.**

### **FINANCIAL SERVICES**

Verizon's treasury organization partners with several minority-owned banks and financial firms in areas such as bond underwriting, equity brokerage, stock repurchases, commercial paper placement, short term cash investments in money markets and certificates of deposit, and asset recovery.

In 2015, Verizon worked with a number of underwriting firms. The firms included 5 minority- and women-owned firms as well as one firm owned and operated by service-disabled veterans.

### **LEGAL SERVICES**

Verizon has committed itself to the Commission's efforts to increase supplier diversity within the legal profession. Verizon's legal diversity commitments and efforts include:

#### **The Association of Corporate Counsel's Call To Action**

Verizon continues its corporate-wide efforts in support of this commitment to diversity in the law profession undertaken several years ago. The specific initiatives discussed in Verizon's 2006 General Order 156 Supplier Diversity Report (2006 Report) are ongoing.

#### **Annual and Quarterly Diversity Reporting Requirements**

As described more fully in the section discussion, outside counsel are required to provide an annual diversity report to the Verizon Legal department, which reaffirms Verizon's continued interest and focus on this topic.

#### **Verizon's Legal Billing Guidelines**

Outside counsel performing work for Verizon in the United States must provide an annual diversity report to the Verizon Legal department. We view the annual diversity report as critical in our efforts to continue fostering diversity and equal opportunity at both Verizon and among our key law firms.

The report must include:

1. Demographic Profile: The number of partner and associate attorneys in the U.S., by gender and by the following demographic groups: White/Caucasian,

African-American/Black, Hispanic/Latino, Asian, American Indian or Alaska Native, and Native Hawaiian or other Pacific Islander.

2. Recruitment, Hiring, Retention and Promotion: Actions taken by the firm to recruit, hire, retain, and promote diverse attorneys, and to recruit and hire diverse summer associates, including identification of the number and percentage of offers extended to diverse summer associates and lateral hires, and the number of acceptances.
3. Mentoring & Training/Career Development: Formal programs and other actions taken by the firm to mentor, sponsor, train, and develop diverse attorney talent, and the percentage of attorneys in such programs that are diverse. Actions taken to create opportunities for diverse attorneys to work on challenging matters, and to work with key clients, including Verizon.
4. Leadership Positions: Diverse attorneys in key leadership roles in the firm, whether as heads of practice groups or key committees.
5. Pipeline Initiatives: Efforts to increase the pipeline of diverse individuals into the legal profession through internship programs, community involvement, or support of organizations dedicated to placing female and minority individuals in law school, as well as efforts to create and foster educational opportunities in underserved areas.

We also strongly encourage our firms to participate in the Vault/MCCA Law Firm Diversity Survey, where these areas are fully addressed.

#### Attorney Diversity Committee

Verizon formed the Attorney Diversity Committee early in 2007, including senior representatives from throughout Verizon's legal department. The Committee's mission was described in the 2007 report.

**GO 156, §9.1.9: Utilities shall retain all documents and data they rely on in preparing their WMDVBE annual report for the longer of either three years or in conformance with the utilities' individual document retention policies, and shall provide these documents and data to the Commission upon request.**

Verizon will comply with the requirements specified in GO 156.

**GO 156, §9.1.10a: Each utility which elects to report fuel procurement separately must file with the Executive Director by March 1 of each year, beginning in 1991, a separate detailed and verifiable report on WMDVBE participation in fuel markets.**

This section does not apply to Verizon.

**GO 156, §9.1.10b: Utilities shall summarize WMDVBE purchases and/or contracts in product and service categories that include renewable and nonrenewable energy, wireless communications, broadband, smart grid, and rail projects, in addition to their current reporting categories. Utilities have discretion to segregate overlapped dollars.**

The WBE, MBE, and DVBE summary of purchases in the product and service categories indicated above are depicted in Verizon's Exhibit A.

Section 10 of GO 156 requires utilities to discuss their plans to increase spend in supplier diversity for the next reporting year. Verizon's plan is as follows:

**GO 156, §10.1.1: Short, mid and long terms goals by product and service category. EXHIBIT B.**

The CPUC issued Decision 15-12-005 on December 3, 2015 in which it approved the sale and transfer of Verizon California to Frontier, therefore this section will not be addressed in this report.

**GO 156, §10.1.2: A description of WMDVBE program activities planned for the next calendar year (internal program activities).**

The CPUC issued Decision 15-12-005 on December 3, 2015 in which it approved the sale and transfer of Verizon California to Frontier, therefore this section will not be addressed in this report.

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**GO 156, §10.1.2: A description of WMDVBE program activities planned for the next calendar year (external program activities).**

The CPUC issued Decision 15-12-005 on December 3, 2015 in which it approved the sale and transfer of Verizon California to Frontier, therefore this section will not be addressed in this report.

**GO 156, §10.1.3: Plans for recruiting WMDVBE suppliers of products or services where WMDVBE utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature.**

The CPUC issued Decision 15-12-005 on December 3, 2015 in which it approved the sale and transfer of Verizon California to Frontier, therefore this section will not be addressed in this report.

**GO 156, §10.1.4: Plans for seeking and/or recruiting WMDVBE suppliers of products or services in any “excluded category” of products or services which has been removed from the procurement dollar base used to set goals because of the established unavailability of WMDVBE suppliers.**

The CPUC issued Decision 15-12-005 on December 3, 2015 in which it approved the sale and transfer of Verizon California to Frontier, therefore this section will not be addressed in this report.

**GO 156, §10.1.5: Plans for encouraging both prime contractors and grantees to engage WMDVBE in subcontracts in all categories that provide subcontracting opportunities.**

The CPUC issued Decision 15-12-005 on December 3, 2015 in which it approved the sale and transfer of Verizon California to Frontier, therefore this section will not be addressed in this report.

**GO 156, §10.1.6: Plans for complying with WMDVBE program guidelines.**

The CPUC issued Decision 15-12-005 on December 3, 2015 in which it approved the sale and transfer of Verizon California to Frontier, therefore this section will not be addressed in this report.

9.1.2 Exhibit A

Verizon California WMDVBE 2015 Expenditures - Joint Telecom Utilities Format Using SIC Categories																						
Major Group - SIC Categories	Telecom Categories	Report Modifications	Product/Service Descriptions	ASIAN-PACIFIC		HISPANIC		BLACK		NATIVE-AMER		MULTI-ETHNIC		TOTAL MEN	TOTAL WOMEN	TOTAL MBE	TOTAL WBE	SUBTOTAL MWBE	TOTAL DVBE	TOTAL MWBE-DVBE	TOTAL COMPANY	
				MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	Minority Business Enterprise	Minority Business Enterprise	Minority Business Enterprise	Women Business Enterprise	Minority/ Women Business Enterprise	Disabled Veteran Business Enterprise	Minority/ Women/ Disabled Veteran Business Enterprise	PURCHASES	
15	1		General Contracting	\$ 0	0	64,023	0	0	0	0	0	0	0	64,023	0	64,023	0	64,023	0	64,023	1,606,532	
				% 0.00%	0.00%	3.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.99%	0.00%	3.99%	0.00%	3.99%	0.00%	3.99%	100.00%	
17	2		Construction - Special Trade	\$ 167,000	0	14,416,497	794,110	1,673	0	587,319	0	0	0	15,172,489	794,110	15,966,598	5,581,490	21,548,089	2,592,076	24,140,164	50,222,631	
				%									0.00%	0.00%	30.21%	1.58%	31.79%	11.11%	42.91%	5.16%	48.07%	100.00%
25	3		Furniture & Fixtures	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	276,491
				% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
27	4		Printing & Publishing	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,354
				% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
35	5		Machinery & Computers	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,320,680
				% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
36	6		Electronic Equipment	\$ 1,991,465	0	0	0	0	0	0	0	0	0	1,991,465	0	1,991,465	17,870	2,009,335	0	2,009,335	8,054,057	
				% 24.73%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	24.73%	0.00%	24.73%	0.22%	24.95%	0.00%	24.95%	0.00%	24.95%	100.00%
47	7		Transportation	\$ 0	0	754	0	0	0	0	0	0	0	754	0	754	0	754	0	754	0	386,157
				% 0.00%	0.00%	0.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.20%	0.00%	0.20%	0.00%	0.20%	0.00%	0.20%	0.00%	0.20%	100.00%
50	8		Wholesale Trade - Durable Goods	\$ 3,007,341	0	4,283,529	0	649,128	0	965,122	0	0	0	8,905,120	0	8,905,120	4,561,002	13,466,122	0	13,466,122	16,913,366	
				% 17.78%	0.00%	25.33%	0.00%	3.84%	0.00%	5.71%	0.00%	0.00%	52.65%	0.00%	52.65%	26.97%	79.62%	0.00%	79.62%	0.00%	79.62%	100.00%
51	9		Wholesale Trade - Non-durable Goods	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
				% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
55	10		Automotive Dealers & Gas Stations	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	531,993
				% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
73	11		Business Services	\$ 514,789	178,812	2,262,307	1,241,815	2,295	342	0	0	0	0	2,779,391	1,420,969	4,200,360	8,146,048	12,346,408	4,693,342	17,039,750	64,646,632	
				% 0.80%	0.28%	3.50%	1.92%	0.00%	0.00%	0.00%	0.00%	0.00%	4.30%	2.20%	6.50%	12.60%	19.10%	7.26%	26.36%	0.00%	26.36%	100.00%
81	12		Legal Services	\$ 193,718	0	174,110	0	145,136	0	0	0	0	0	512,963	0	512,963	4,161	517,124	0	517,124	4,701,840	
				% 4.12%	0.00%	3.70%	0.00%	3.09%	0.00%	0.00%	0.00%	0.00%	10.91%	0.00%	10.91%	0.09%	11.00%	0.00%	11.00%	0.00%	11.00%	100.00%
87	13		Engineering, Accounting, Research, Mgt, & Rel. Serv.	\$ 2,544,313	2,710,266	394,450	163,289	3,166,563	67,403	0	2,428,855	0	0	6,105,326	5,369,812	11,475,138	5,333,798	16,808,935	8,630,718	25,439,654	12,691,926	
				% 20.05%	21.35%	3.11%	1.29%	24.95%	0.53%	0.00%	19.14%	0.00%	0.00%	48.10%	42.31%	90.41%	42.03%	132.44%	68.00%	200.44%	100.00%	
67	14		Holding and Other Investment Offices	\$ 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,215
				% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
			GROSS PRODUCTS/SERVICES PROCUREMENT	\$ 8,418,626	2,889,078	21,595,670	2,199,213	3,964,795	67,745	1,552,441	2,428,855	0	0	35,531,531	7,584,891	43,116,422	23,644,368	66,760,790	15,916,136	82,676,926	161,379,875	
				% 5.22%	1.79%	13.38%	1.36%	2.46%	0.04%	0.96%	1.51%	0.00%	0.00%	22.02%	4.70%	26.72%	14.65%	41.37%	9.86%	51.23%	100.00%	