

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

Order Instituting Rulemaking into )  
Implementation of Public Utilities Code )  
Sections 8281-8285 relating to Women )  
Minority - Disabled Veteran )  
Business Enterprises )  
\_\_\_\_\_ )

**LIBERTY UTILITIES (CALPECO ELECTRIC) LLC  
UTILITY SUPPLIER DIVERSITY PROGRAM REPORT  
FOR CALENDAR YEAR 2015**

March 1, 2016

**Liberty Utilities (CalPeco Electric) LLC  
2015 Annual Report & 2016 Annual Plan**

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## **ANNUAL REPORT**

This filing, in compliance with the requirements of California Public Utilities Commission (CPUC) General Order 156 Sections 9 and 10 and Decision 88-04-057, as modified by Decision Nos. 88-09-024, 89-08-041, 90-11-053, 90-12-027, 92-06-030, 95-12-045, 96-12-081, 98-11-030, 03-11-024, 05-12-023, 06-08-031, includes the 2015 Annual Report of Liberty Utilities (CalPeco Electric) LLC (“Liberty Utilities”), and 2016 Annual Plan of Utility Supplier Diversity Program. The annual report describes the program activities and results achieved by Liberty Utilities for the period January 1 through December 31, 2015.

### **INTRODUCTION AND EXECUTIVE SUMMARY**

Liberty Utilities is an investor-owned corporation with operating subsidiaries engaged in energy and utility services. The Service Area for which electricity will be served by Liberty Utilities is serving more than 48,000 customers in the Lake Tahoe basin. Liberty Utilities supplies electric distribution service in portions of the counties of Nevada, Placer, Sierra, Plumas, Eldorado, Mono, and Alpine in the State of California.

#### **Summary of Results:**

Liberty Utilities achieved a Diverse Spend of 22.38% spend with verified diverse business enterprises against the targeted goal of 21.5%.

Liberty Utilities spent \$4.86 million with diverse business enterprises. This represents a decrease of \$1.338 million from the amount spent with diverse business in 2014.

**Sec. 9.1.1 – Description of Utility Supplier Diversity Program activities engaged in during the previous calendar year. This description shall include both internal and external activities.**

Internal Activities

Liberty Utilities Supplier Diversity Policy that was written and implemented effective January, 2011 is formally reviewed on an annual basis for regulatory consistency and updated accordingly. Liberty Utilities' Purchasing Department continues to actively identifying which active and current suppliers fall within Liberty's Supplier Diversity Policy. To this end, Liberty Utilities Purchasing Department developed and distributed a diversity questionnaire to all existing and new suppliers. All new suppliers are presented with the questionnaire as part of the qualification packet. These efforts confirm the Supplier Diversity status of many of Liberty Utilities suppliers and also identify uncertified suppliers as we reach out with information to become certified. The group of existing uncertified suppliers continues to be the primary focus of Liberty Utilities 2015 Supplier Mentoring Program. The Purchasing Department routinely checks The Supplier Clearinghouse in order to bid within a more diverse group. The Purchasing Department continues to include a brief outline of our diversity policy on the back of their business cards. Several other departments have followed and it has allowed Liberty staff to engage vendors in meaningful conversation regarding the program's benefit.

Semi Annual management team presentations were presented in 2015. The presentations emphasized a review of General Order 156, an explanation of our 2015 goals as well as round table discussion of attracting additional suppliers to the program.

**External Activities**

The Liberty Utilities management team continues to use their affiliation with local community business groups (Rotary, Elks Club, etc.) as an opportunity to educate local businesses about General Order 156 as well as Liberty Utilities' Supplier application process. Business relationships at these events were initiated and communications regarding future engagements is on-going.

Sec. 9.1.2 – Utility Supplier Diversity Program Annual Results – Statistical Reports

UTILITY SUPPLIER DIVERSITY PROGRAM  
ANNUAL RESULTS BY ETHNICITY

		2015			
		Direct	Sub	Total \$	%
<b>Minority Men</b>	Asian-Pacific	\$ 15,034		\$ 15,034	0.07%
	Black	\$ 233,447	\$ -	\$ 233,447	1.07%
	Hispanic	\$ 1,982,184		\$ 1,982,184	9.13%
	Native-American	\$ -		\$ -	0.00%
	Other			\$ -	0.00%
	<b>Total Minority Men</b>		\$ 2,230,665	\$ -	\$ 2,230,665
<b>Minority Women</b>	Asian-Pacific	\$ 34,049		\$ 34,049	0.16%
	Black	\$ -		\$ -	0.00%
	Hispanic	\$ -		\$ -	0.00%
	Native-American	\$ 11,309		\$ 11,309	0.05%
	Other			\$ -	0.00%
	<b>Total Minority Women</b>		\$ 45,357	\$ -	\$ 45,357
<b>Total Minority Business Enterprise (MBE)</b>		\$ 2,276,022	\$ -	\$ 2,276,022	10.48%
<b>Women Business Enterprise (WBE)</b>		\$ 2,580,176	\$ -	\$ 2,580,176	11.88%
<b>Subtotal Women, Minority Business Enterprise (MWBE)</b>		\$ 4,856,198	\$ -	\$ 4,856,198	22.36%
<b>Service Disabled Veteran Business Enterprise (DVBE)</b>		\$ 4,117	\$ -	\$ 4,117	0.02%
<b>TOTAL WMDVBE</b>		\$ 4,860,315	\$ -	\$ 4,860,315	22.38%

\*Totals may not sum due to rounding.

Gross Procurement	\$	21,717,901
Exclusions	\$	-
<b>Net Procurement</b>	<b>\$</b>	<b>21,717,901</b>

**UTILITY SUPPLIER DIVERSITY PROGRAM  
ANNUAL RESULTS BY DIRECT PRODUCT AND SERVICE CATEGORIES**

			2015					
			Products		Services		Total	
			\$	%	\$	%	\$	%
<b>Minority Men</b>	Asian-Pacific	Direct	\$ 15,034	0.26%	\$ -	0.00%	\$ 15,034	0.07%
	Black	Direct	\$ -	0.00%	\$ 233,447	1.46%	\$ 233,447	1.07%
	Hispanic	Direct	\$ -	0.00%	\$ 1,982,184	12.41%	\$ 1,982,184	9.13%
	Native-American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Other	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
<b>Total Minority Men</b>	Direct	\$ 15,034	0.26%	\$ 2,215,631	13.87%	\$ 2,230,665	10.27%	
<b>Minority Women</b>	Asian-Pacific	Direct	\$ 34,049	0.59%	\$ -	0.00%	\$ 34,049	0.16%
	Black	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Hispanic	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Native-American	Direct	\$ -	0.00%	\$ 11,309	0.07%	\$ 11,309	0.05%
	Other	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
<b>Total Minority Women</b>	Direct	\$ 34,049	0.59%	\$ 11,309	0.07%	\$ 45,357	0.21%	
<b>Total Minority Business Enterprise (MBE)</b>	Direct	\$ 49,083	0.85%	\$ 2,226,939	13.94%	\$ 2,276,022	10.48%	
<b>Women Business Enterprise (WBE)</b>	Direct	\$ 946,292	16.47%	\$ 1,633,884	10.23%	\$ 2,580,176	11.88%	
<b>Total Women, Minority Business Enterprise (MWBE)</b>	Direct	\$ 995,374	17.32%	\$ 3,860,823	24.17%	\$ 4,856,198	22.36%	
<b>Service Disabled Veteran Business Enterprise (DVBE)</b>	Direct	\$ 3,602	0.06%	\$ 515	0.00%	\$ 4,117	0.02%	
<b>TOTAL WMDVBE</b>	Direct	\$ 998,976	17.39%	\$ 3,861,338	24.18%	\$ 4,860,315	22.38%	

\* Totals may not sum due to rounding.

Gross Procurement	\$ 21,717,901
Exclusions	\$ -
<b>Net Procurement</b>	<b>\$ 21,717,901</b>

Total Product Procurement	\$ 5,745,769
Total Service Procurement	\$ 15,972,132
<b>Net Procurement</b>	<b>\$ 21,717,901</b>

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

**UTILITY SUPPLIER DIVERSITY PROGRAM  
PROCUREMENT BY SUB PRODUCT AND SERVICE CATEGORIES**

			2015					
			Products		Services		Total	
			\$	%	\$	%	\$	%
<b>Minority Men</b>	Asian-Pacific	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Black	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Hispanic	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Native-American	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Other	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	<b>Total Minority Men</b>	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
<b>Minority Women</b>	Asian-Pacific	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Black	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Hispanic	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Native-American	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Other	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	<b>Total Minority Women</b>	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
<b>Total Minority Business Enterprise (MBE)</b>	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
<b>Women Business Enterprise (WBE)</b>	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
<b>Total Women, Minority Business Enterprise (MWBE)</b>	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
<b>Service Disabled Veteran Business Enterprise (DVBE)</b>	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
<b>TOTAL WMDVBE</b>	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	

\*Totals may not sum due to rounding.

Gross Procurement	\$ 21,717,901
Exclusions	\$ -
<b>Net Procurement</b>	<b>\$ 21,717,901</b>

Total Product Procurement	\$ 5,745,769
Total Service Procurement	\$ 15,972,132
<b>Net Procurement</b>	<b>\$ 21,717,901</b>

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

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

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

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**UTILITY SUPPLIER DIVERSITY PROGRAM  
ANNUAL RESULTS BY SUPPLIERS' GROSS REVENUE SIZE**

	Data on Number of Suppliers									
	Revenue Reported to Clearinghouse (1)					2015 Summary - Liberty				
# WMDVBEs	DVBE	MBE	WBE	WMBE	Grand Total	DVBE	MBE	WBE	WMBE	Grand Total
Under \$1 million	2	6	13	2	23	2	6	15	2	25
Under \$5 million	0	1	0	0	1	0	1	0	0	1
Under \$10 million	0	0	0	0	0	0	0	0	0	0
Above \$10 million	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>7</b>	<b>13</b>	<b>2</b>	<b>24</b>	<b>2</b>	<b>7</b>	<b>15</b>	<b>2</b>	<b>26</b>

	Revenue and Payment Data									
	Revenue Reported to Clearinghouse (1)					2015 Summary - Liberty				
WMDVBE \$\$	DVBE	MBE	WBE	WMBE	Grand Total	DVBE	MBE	WBE	WMBE	Grand Total
Under \$1 million	\$4,117	\$ 253,981	\$ 2,237,366	\$ 45,357	\$ 2,540,821	\$ 4,117	\$ 253,981	\$ 2,580,176	\$ 45,357	\$ 2,883,631
Under \$5 million	\$ -	\$ 1,976,684	\$ -	\$ -	\$ 1,976,684	\$ -	\$ 1,976,684	\$ -	\$ -	\$ 1,976,684
Under \$10 million	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Above \$10 million	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$4,117</b>	<b>\$ 2,230,665</b>	<b>\$ 2,237,366</b>	<b>\$ 45,357</b>	<b>\$ 4,517,505</b>	<b>\$ 4,117</b>	<b>\$ 2,230,665</b>	<b>\$ 2,580,176</b>	<b>\$ 45,357</b>	<b>\$ 4,860,315</b>

(1) Certified through Supplier Clearinghouse

UTILITY SUPPLIER DIVERSITY PROGRAM PROCUREMENT BY SIC CATEGORIES - DETAIL

Line #	SIC CATEGORY	Asian-Pacific		Black		Hispanic		Native-American		Other		Total Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Subtotal Women, & Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	Total WMDVBE
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women					
1	07. Agricultural	\$ -	\$ -	\$ -	\$ -	\$ 1,976,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,976,684	\$ -	\$ 1,976,684	\$ -	\$ 1,976,684
2	Services	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 9.10%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 9.10%	% 0.00%	% 9.10%	% 0.00%	% 9.10%	
3	17. Special Trade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Contractors	% 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%	
9	28. Chemicals & Allied Products	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10		% 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%	
11	30. Rubber & Misc.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Plastic Products	% 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%	
13	32. Stone, Clay & Glass Products	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14		% 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%	
15	35. Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Machinery & Equipment	% 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%	
17	36. Electronic & Other	\$ 15,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,034	\$ -	\$ 15,034	\$ 297,981	\$ 313,015	\$ 313,015
18	Electric Equipment	% 0.07%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.07%	% 0.00%	% 0.07%	% 1.37%	% 1.44%	
19	47. Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Services	% 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%	
21	50. Wholesale Trade - Durable Goods	\$ -	\$ 34,048.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.00	\$ -	\$ 34,049	\$ 34,049	\$ 648,310	\$ 682,359	\$ -	\$ 682,359
22		% 0.00%	% 0.16%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.00%	% 0.16%	% 0.16%	% 2.99%	% 3.14%	% 0.00%	
23	51. Wholesale Trade - Nondurable Goods	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24		% 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%	
25	62. Sec & Commodity Brokers & Dealers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26		% 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%	
27	73. Business Services	\$ -	\$ -	\$ 233,447	\$ -	\$ 5,500	\$ -	\$ -	\$ 11,308.50	\$ -	\$ -	\$ 238,947	\$ 11,309	\$ 250,256	\$ 633,610	\$ 883,866	\$ 4,117	\$ 887,982
28		% 0.00%	% 0.00%	% 1.07%	% 0.00%	% 0.03%	% 0.00%	% 0.00%	% 0.05%	% 0.00%	% 0.00%	% 1.10%	% 0.05%	% 1.15%	% 2.92%	% 4.07%	% 0.02%	
29	87. Engineering & Management Services	\$ -	\$ 0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ 1,000,274	\$ 1,000,274	\$ -	\$ 1,000,274
30		% 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%	% 4.61%	% 4.61%	% 0.00%	
30	TOTAL	\$ 15,034	\$ 34,049	\$ 233,447	\$ -	\$ 1,982,184	\$ -	\$ -	\$ 11,309	\$ -	\$ -	\$ 2,230,665	\$ 45,357	\$ 2,276,022	\$ 2,580,176	\$ 4,856,198	\$ 4,117	\$ 4,860,315
29		% 0.07%	% 0.16%	% 1.07%	% 0.00%	% 9.13%	% 0.00%	% 0.00%	% 0.05%	% 0.00%	% 0.00%	% 10.27%	% 0.21%	% 10.48%	% 11.88%	% 22.36%	% 0.02%	

\*Totals may not sum due to rounding.

31	Gross Product Procurement	\$ 21,717,901
32	Exclusions	\$ -
33	Net Product Procurement	\$ 21,717,901

34 Only Relevant SIC Categories are listed.  
 35 Percentages are WMDVBE expenditures compared to total expenditures for each product category.

**Sec. 9.1.3 – An itemization of WMDVBE Program Expenses.**

**UTILITY SUPPLIER DIVERSITY PROGRAM EXPENSES**

Expense Categories		2015 Actual \$
Wages	\$	15,005
Benefits	\$	10,203
Program Expenses	\$	3,395
Advertising	\$	-
Training	\$	540
Consultants	\$	-
Other (Clearinghouse)	\$	706
<b>Total</b>	<b>\$</b>	<b>29,849</b>

Wages: Salary and payroll-related costs of employees working on Utility Supplier Diversity Program Matters.

Benefits: Benefit costs related to employment such as insurance, retirement and vacation for employees working on Utility Supplier Diversity Program matters.

Program Expenses: Costs directly related to training internal and external.

Advertising: Costs related to advertise this program submitted to journals, newspaper, and magazines.

Training: Costs related to training internal and external.

Consultants: Costs of hiring consultants to assist with the Utility Supplier Diversity Program.

Other: Costs that do not fit in another category as in Supplier Clearinghouse payments.

**Sec. 9.1.4 – 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.**

**UTILITY SUPPLIER DIVERSITY PROGRAM  
RESULTS COMPARISON**

Category	2015 Results	2015 Target	2016 goal
Minority Business Enterprise (MBE)	10.27%	13.00%	13.50%
Women Business Enterprise (WBE)	11.88%	3.75%	4.00%
Minority Women (WMBE)	0.21%	3.75%	4.00%
Subtotal Women & Women Minority Business Enterprise (WMBE)	12.09%	7.50%	8.00%
Service Disabled Veteran Business Enterprise (DVBE)	0.02%	1.00%	1.00%
<b>Total WMDVBE</b>	<b>22.38%</b>	<b>21.50%</b>	<b>22.50%</b>

In 2015, Liberty spent 22.38% of our discretionary spend with diverse businesses. Liberty exceeded the Women Business Enterprise (WBE) target of 3.5% with a result of 11.88% which was 53.08% of Liberty's total Diverse Business Enterprise spend. Liberty's Women Minority Business Enterprise (WMBE) goal of 3.75% was not met and will continue to be a focus for Liberty for 2016. Liberty did not meet the Service Disabled Veteran Business Enterprise (DVBE) target; however, relationships were established with 2 vendors and Liberty did have diversity spend within the DVBE segment. Liberty continues to make this under-performing segment a priority in 2016 educational and outreach efforts.

The table below shows the trend in procurement dollars and WMDVBE spend:

**UTILITY SUPPLIER DIVERSITY PROGRAM  
ANNUAL SPENDING**

Category	2013	2014	2015
Total Procurement \$	\$ 16,845,383	\$ 22,172,440	\$ 21,717,901
% change		24.03%	-2.09%
Total WMDVBE \$	\$ 4,155,327	\$ 6,198,028	\$ 4,860,315
% change		32.96%	-27.52%

**Sec. 9.1.5 – A summary of prime contractor utilization of WMDVBE subcontractors.**

	Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	TOTAL WMDVBE
Direct \$	\$ 2,230,665	\$ 45,357	\$ 2,276,022	\$ 2,580,176	\$ 4,856,198	\$ 4,117	\$ 4,860,315
Subcontracting \$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 2,230,665</b>	<b>\$ 45,357</b>	<b>\$ 2,276,022</b>	<b>\$ 2,580,176</b>	<b>\$ 4,856,198</b>	<b>\$ 4,117</b>	<b>\$ 4,860,315</b>

Direct %	10.27%	0.21%	10.48%	11.88%	22.36%	0.02%	22.38%
Subcontracting %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total %</b>	<b>10.27%</b>	<b>0.21%</b>	<b>10.48%</b>	<b>11.88%</b>	<b>22.36%</b>	<b>0.02%</b>	<b>22.38%</b>

\*Totals may not sum due to rounding.

Gross Procurement	\$21,717,901
Exclusion	
<b>Net Procurement</b>	<b>\$21,717,901</b>

Gathering data on the utilization of subcontractors is a difficult task for Liberty. Our existing ERP software solution doesn't provide the ability to capture this activity so Liberty Purchasing Staff is using a manual spreadsheet to record this information. Additionally, many of our requests to our limited number of prime contractors are left unanswered due to presumable time constraints. Liberty Purchasing Staff will continue to reach out to the other investor-owned utilities (IOUs) to obtain a better understanding of best practices in this area and adopt a viable solution. Liberty Utilities continues to educate our existing vendors on our need to track subcontractor utilization. This issue will remain a focus throughout 2016 so a manageable data gathering process can be determined.

**Sec. 9.1.6 – List of diverse supplier complaints received during the past year, accompanied by a brief description of the nature of each complaint and its resolution or current status.**

No complaints were filed with Liberty Utilities or with the California Public Utilities Commission regarding Liberty Utilities in 2015.

**Sec. 9.1.7 – A summary of purchases and /or contracts for products and services in excluded categories.**

Liberty's total 2015 accounts payable activity totaled approximately \$77.9 million. The majority of our accounts payable activity is concentrated with NV Energy and our purchase power agreement. Our purchase power totaled \$38.7 million (49.7%) of our total accounts payable activity. Purchase power along with employee expense reimbursements, employee benefits, fleet lease payments, fees and taxes were not considered applicable in identifying or quantifying our discretionary spend total.

**Sec. 9.1.8 – Description of any efforts made to recruit diverse suppliers of products or services in procurement categories where diverse supplier utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature.**

In 2015, Liberty Utilities stressed the importance of building supplier relationships with DVBE organizations. Our local presentations yielded 2 new vendors. We were successful in identifying an office supply vendor that we were able to start utilizing in the summer as well as utilizing a DVBE interpreter service for our billing inserts and legal notices. Several other DVBE organizations reached out

to us directly but we were unable to utilize their services in 2015. In addition to our standard outreach efforts, Liberty Utilities' Regulatory Affairs Department will prepare and circulate a master listing of certified DVBE organizations to Liberty Utilities' management team on a periodic basis to provide a steady reminder of our 2016 target.

**Sec. 10.1.1 – WMDVBE Annual Short-, Mid- and Long-Term Goals**

<b>Liberty Utilities (CalPeco Electric) LLC WMDVBE Goals</b>				
	<b>Minority Business Enterprise (MBE)</b>	<b>Women Business Enterprise (WBE)</b>	<b>Disabled Veteran Business Enterprise (DVBE)</b>	<b>Women, Minority, Disabled Veteran Enterprise (WMDVBE)</b>
Short-Term (2012)	8.50%	7.50%	0.50%	16.50%
Mid-Term (2014)	13.00%	7.50%	1.00%	21.50%
Long-Term (2015)	13.00%	7.50%	1.00%	21.50%
Long Term (2016)	13.5%	8%	1.00%	22.50%

Liberty has exceeded its overall spend percentage goal; however, the DVBE goal was not met. Our DVBE research and outreach activities will continue to be enhanced and brought to the forefront in internal educational opportunities so that Liberty can continue to grow its vendor penetration and spend within this diverse classification. Our company remains committed to supplier development and in increasing competitiveness in sourcing products and services.

**Sec. 10.1.2 – Description of Utility Supplier Diversity Program planned for the next calendar year, internal/external program activities.**

For 2016, Supplier Diversity's plans include the following strategies to strengthen the program's results:

- Maintain implemented policies and processes that strengthen the alignment of strategic sourcing, Supplier Diversity, and Supply Chain Management.
- Educate and recruit all Liberty Utilities employees by including Supplier Diversity awareness in monthly safety meeting agendas.
- Communicate Supplier Diversity's plans and goals to key customers and business units to facilitate win-win outcomes.
- Utilize developed processes to maximize participation of diverse suppliers for commodities identified to be competitively bid.
- Promote Liberty Utilities' Supplier Diversity Program goals at local and regional disabled veteran group meetings/functions.
- Mentor existing non-certified suppliers on The Supplier Clearinghouse certification process.

**Sec. 10.1.3 – Plans for recruiting diverse suppliers of products or services where diverse supplier utilization has been low or were listed as excluded, such as legal and financial services, fuel**

**procurement, areas considered highly technical in nature, and sole sourcing (transformers, cable/wire).**

Procurement will leverage the additional supplier diversity champions achieved from within the non-traditional areas of spend to champion and communicate Supplier Diversity's goals and strategies within their departments.

Additional plans include:

- Continuing to partner with leadership to plan and develop strategies for increasing the utilization of diverse suppliers.
- Continuing to execute best practices within our supply chain and strategic sourcing strategies to identify commodities where diverse suppliers exist, but there is an underutilization of them within our company.
- Stronger emphasis of our company's expectations of inclusion and opportunity during pre- and post-award bid meetings.
- Reviewing sole source awards and where possible seeks to competitively bid as new suppliers enter the market or internal requirements are modified thus increasing the opportunities for qualified diverse suppliers to receive an opportunity to bid.
- We have been able to locate a diverse supplier of fuel for both card lock and bulk fuel purchases and have targeted converted our fleet over to the diverse supplier the first half of 2016.
- With our new acquisition of Park Water and Apple Valley Water comes an opportunity to glean the best practices from these additional resources to better utilize diverse suppliers especially where we currently fall short of our goal such as the DVBE category.

**Sec. 10.1.4 – Plans for encouraging both prime contractors and grantees to engage diverse suppliers in all categories which provide subcontracting opportunities.**

Liberty urges its prime contractors to include women, minority, and disabled veteran business enterprises for subcontracting opportunities. Although the award of any subcontracting activities rests in the final discretion of the prime contractor, Procurement will work closely with its prime contractors in helping to identify specific commodities within Liberty projects where there are known diverse suppliers for inclusion, making accessible our listing of approved diverse contractors, and advocating for diverse supplier inclusion to the maximum extent possible.

**Sec. 10.1.5 – Plans for complying with the Utility Supplier Diversity Program established by the Commission as required by Public Utilities Sections 8283 (c). The Executive Director's Office will be responsible for developing, periodically refining, and recommending such guidelines for the Commission's adoption.**

Liberty will continue to comply with General Order 156 and its guidelines and requirements as well as continue to work with the Commission and its staff and the California Joint Utilities Group in pursuing new strategies to continually advance the Utility Supplier Diversity Program objectives. Liberty will comply with all revisions of General Order 156 and all other requirements of the CPUC.