



California Utilities Diversity Council

Annual Report 2007

September 25, 2007

President Michael R. Peevey
Members of the California Public Utilities Commission

Dear President Peevey and Commissioners:

In this fourth annual report to the CPUC, the California Utilities Diversity Council (CUDC) demonstrates how utility companies continue to make measurable progress in diversity, as reported by several committees, in five key areas: governance, procurement, employment, customer service and marketing and philanthropy.

We have been blessed with the level of commitment, dedication and sense of urgency that the utility, community, business and labor representatives of the CUDC bring to this issue in a forum that promotes respect and concern for diverse opinions. We thank each one of them for taking their valuable time and energy to help us collectively deal with these issues for the benefit of all people.

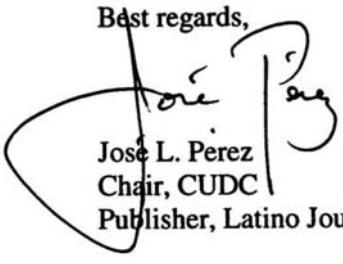
There are many accomplishments noted in this report but we highlight two. First, we ask that the CPUC recognize the increasing voluntary participation of the California Water Association members and their demonstrated commitment to the goals of the CUDC. And second, Comcast, a major cable company doing business in California, has joined the CUDC and appointed a key corporate officer as its representative.

Overall, major utility companies doing business in California are nationally recognized frontrunners in diversity as reported by several minority publications. The CUDC, however, takes a close look at each aspect of diversity and, we all concur, there is room for improvement in each area for a variety of groups and thus the work of the CUDC is defined. Every ethnic, racial, gender, service disabled, LBGT group seeks equal access to the opportunities offered by the utility industry in California. Every group has its own story and its own issues. The CUDC is a forum where these issues can be revealed, discussed and solutions pursued. It truly is a unique model.

To continue our success, we will work to build a stronger CUDC and work to invite individual Commissioners to CUDC committee meetings to increase the opportunities for more in-depth dialogue for each CUDC target area. This may entail the participation of staff of the CPUC, the CUDC related committee and key company executives that may be invited as part of the regular CUDC meeting agenda for 2008.

On behalf of the CUDC, we thank the CPUC for having the vision and foresight to create a sense of urgency and leadership in the area of diversity that, at the end of the day, will benefit all the people of this great State.

Best regards,


Jose L. Perez
Chair, CUDC
Publisher, Latino Journal

Customer Service and Marketing Committee

Committee Members: Yolanda Benson, Thalia Gonzalez, Palle Jensen, Steve Leder, Ben Lewis, Elva Lima, Colin Petheram, Jose Perez, Frank Quevedo, Nancy Zarenda (Chair), Vicki Zeiger

The Customer Service & Marketing Committee (CSMC), from 2005 to 2007, has focused on being a resource for sharing information and best practices among utility companies and the CPUC who serve an ever-increasing number of multilingual and ethnically diverse consumers.

California is the most linguistically diverse state in the nation where 220 languages are spoken (Source: Judicial Council of California), 9 million Californians are foreign born, and 40 percent speak a language other than English at home (Source: US Census). This reality creates complex challenges for virtually every industry and government agency, and in particular ways for the utility industry and the CPUC.

The 2007 activities of the CSMC included the second biennial voluntary utility language access survey, informational presentations and discussions, and the development of a language access forum event in response to the needs and demands of an industry that is striving to continuously improve its services to limited English proficient (LEP) consumers.

Background:

In 2005, the CSMC conducted an unprecedented, voluntary survey of CUDC utility companies and the CPUC. Results were reported in the 2005 CUDC Annual Year End Report and indicated demographic trends, best practices, goals and challenges of a complex and growing multilingual industry and marketplace.

Background of the CUDC and summary of the survey results were also referenced in the CPUC October, 2006 Report, *Challenges Facing Consumers With Limited English Skills In The Rapidly Changing Telecommunications Marketplace*, a study required by the CPUC Consumer Protection Initiative.

In 2006, the CSMC developed, and the CUDC adopted, the *CUDC Language Access Principles*, which state that the principles "may be used to develop benchmarks with each company

determining its own action plan and pace of implementation. Tactics under each principle may be developed to serve as quality indicators for service leading to greater return on investment and enhanced service to California's diverse consumers."

The CPUC adopted the *CUDC Language Access Principles* at the September 2006 En Banc hearing. The principles were included in the January 11, 2007 Rulemaking 07-01-021, with the CPUC OIR stating that "we agree with the CUDC that these principles may be instructive to the Commission and utilities in developing and improving telecommunications services for customers with limited English proficiency and recognize that many utility companies are currently guided by these principles."

The 2007 utility and CPUC surveys provided updated information on demographics, multilingual services and practices, quality aspects of interpreting and translation services, recruitment, assessment and training of multilingual personnel, monitoring of multilingual programs and customer satisfaction, and challenges facing the industry.

We thank the following companies and the CPUC for their voluntary participation in the 2007 Utility Language Access Surveys: AT&T, California American Water Company, Pacific Gas and Electric (PGE), San Diego Gas and Electric and Southern California Gas Company, San Jose Water, Southern California Edison (SCE), and Verizon.

Principle #1

The Language of Business is the Language of the Customer

- All companies and the CPUC reported an increase in the languages other than English spoken by their customers, and most reported a relative decrease in English speakers. Data sources include the U.S. Census, Modern Language Association and Department of Finance.
- All companies but one, and the CPUC have added new languages in addition to English to their services and programs, which include translated materials, languages through external interpretive services, education and

Customer Service and Marketing Committee

outreach events, websites and additional multilingual staff.

- All companies and the CPUC provide written marketing and program materials in one or more languages in addition to English. Larger utilities and the CPUC provide a variety of written materials in several languages.
- Several companies and the CPUC provide websites in commonly spoken languages in addition to English.
- The larger companies and the CPUC provide in-language materials and education programs throughout their service regions.
- Several companies and the CPUC provide press releases in languages in addition to English.
- One company provides monthly energy bills in Braille and support services for users of Braille.
- The CPUC provides American Sign Language interpreters, and recently purchased simultaneous interpretation equipment for public meetings.

Principle #2

Emergencies and Public Safety Require Attention in All Languages

- Information on this principle was not specifically requested in the survey however, one company indicated it provides emergency procedure literature in Spanish.
- One company indicated it provides safety information in the top five languages spoken in its service area.
- Informally and after the survey, companies and the CPUC indicated they provide multilingual services to some LEP customers in emergency situations.
- CUDC members indicated there is a need to focus attention on this issue and for companies to work to develop emergency plans to assist all consumers during emergencies, which could include but are not limited to, basic services outages, natural disasters, fires, terrorist and military activity.

Principle #3

Recruit, Train, and Compensate for Multilingual Expertise

- Two companies and the CPUC indicated they compensate for multilingual skills and expertise. The CPUC is overseen by the State Personnel Board and complies with its pay differential policy.

- One company increased in its bilingual hourly compensation rate more than 100% on July 1, 2007.

- One company indicated that bilingual compensation issues are handled through collective bargaining agreements.
- Two companies indicated they are considering offering compensation for qualified bilingual employees for the first time.
- The CPUC is implementing its third year of a five year language training program that provides Spanish language training at the workplace for staff in public contact positions.
- Two companies have begun offering reimbursement for Spanish language courses for its employees, which is a new policy since participating in the CUDC.
- One company offers new online Spanish courses.
- One company indicated it has a Contact Center for the Future initiative that is reviewing how language proficiency assessment occurs and can be improved.
- Most companies and the CPUC indicated that one of their greatest challenges is finding qualified multilingual employee candidates, especially in less commonly spoken languages.
- The CPUC responded to the most recently reported Bilingual Services Act survey by correcting bilingual staffing deficiencies with representatives who speak the needed languages. CPUC employees speak 20 different languages and are certified by the State Personnel Board.
- Most companies and the CPUC assess oral language skills in languages other than English.
- No companies assess the written language skills of their bilingual employees.
- For the CPUC, the State Personnel Board (SPB) administers language exams to test and certify staff for oral and written proficiency. The CPUC staff includes a bilingual services coordinator who canvasses newly hired staff to determine if they are eligible to take the certification exam.

Principle #4

Establish and Implement Quality Indicators for Multilingual Programs and Practices

- Most companies and the CPUC utilize third party telephonic interpretive services to provide services in the languages in which they

Customer Service and Marketing Committee

do not have call centers or multilingual employees.

- External telephonic interpretive services are implemented and evaluated on quality indicators established by external vendors themselves, and often by the company using their services.
- Most companies with call centers indicated their bilingual supervisors monitor the quality of the bilingual employee language skills and ability to communicate with customers.
- One company provides bill fairs and clinics in the top seven languages spoken in California. Two companies provide in-language program materials, bills or bill fairs and education programs in Spanish. The CPUC provides bill fairs and clinics in multiple languages.
- Several companies and the CPUC have developed standard industry terminology in languages in addition to English.
- Several companies indicated that one great challenge is a lack of utility program awareness and participation among LEP customers. The companies and the CPUC are providing more frequent and culturally relevant information to their customers.

Principle #5

Measure and Monitor Multilingual Programs and Customer Satisfaction

- External vendor telephonic interpretive services and bilingual call centers measure customer service in all the large utility companies that responded.
- One company has implemented a Customer Attitude Tracking Survey in Spanish and English, a Customer Favorability tracking in six languages, and a quarterly Service Delivery Satisfaction survey in Spanish and English.
- The same company provides California Alternate Rates for Energy (CARE) enrollment applications in six languages through ethnic media in both commonly and less commonly spoken languages. It reaches out to multilingual customers through grassroots efforts with community and faith-based organizations
- In addition to Language Line Services, one company provides Spanish speaking customers with service from a National Operations Repair Center, with installation services by a bilingual technician or through the National Operations Repair Center.

- The CPUC posts documents specifically on telecommunications consumer protection.
- Several companies post billing assistance and educational materials online in languages in addition to English.
- Some companies reported having implemented more effective monitoring of customer calls in languages other than English. Monitoring occurs internally and/or externally.

Principle #6

Corporate Culture: Language Services and Multilingual Expertise are Value Added

- One company offers private language instruction and community college courses to executives and to employees.
- One company indicated that managers and supervisors receive a special, targeted publication to assist them in understanding and articulating the business case for making diversity and inclusion a business priority.
- One company, in 2007, implemented an internal diversity strategy which included workshops for those in leadership positions. In 2008, every manager will attend the workshop.
- CPUC Commissioners participate in community meetings and education programs in English speaking and in LEP communities.
- The CPUC offers Spanish language courses to personnel throughout the organization, including administrative law judges, attorneys, consumer affairs representatives, and employees of the Consumer Protection and Safety Division and the Office of Ratepayer Advocates.

The 2007 survey responses clearly indicate that the participating CUDC companies and the CPUC are providing more in-language programs and services with greater accessibility for LEPs, more effective monitoring and measuring of customer satisfaction, quality indicators for translation and interpretation, in-language outreach and education, and resources to develop employee linguistic and cultural competence.

Employment Committee

Committee Members: Thalia Gonzalez, Jess Haro, Rob Howard, Steve Leder (Chair), Ben Lewis, José Perez, Colin Petheram, Frank Quevedo, Nancy Smith-Taylor

The CUDC Employment Subcommittee is a resource for advising utilities, the CPUC, and policy makers regarding employee diversity in the regulated utility industry. From leadership to the rank and file, employment opportunities should be provided on an equal basis without preference to any group. Employee diversity should reflect the rich mixture of California's demographics.

The CUDC Employment Committee conducted its annual survey of member utilities (participating utilities include AT&T, Pacific Gas and Electric Company, Sempra Energy utilities and Southern California Edison as well as participants from the water companies).

- A comparison between California utilities and averages for utilities nationwide shows that minorities in California occupy a much greater percentage of the utility workforce (49% vs. 20%) (EEOC 2005 data).
- The responding utilities employ over 47,500 minorities and over 36,000 women out of a total employee population of 96,600.
- Overall utility minority representation increased by 1.3 percentage points between 2006 and 2007. All of the gains occurred in the "manager", and "all other" employee categories. No significant minority gains were noted in the officer or director level.
- Overall utility female representation increased by 0.3% percentage points between 2006 and 2007. Although significant increases were not reported in any particular employee group one utility did promote a female to President and CEO.

Employee Category	African American	Asian	Native American	Hispanic	Other (including Caucasian)	Total Minority	Total Female
Total Officer	9%	6%	1%	7%	77%	23%	29%
Total Director	6%	11%	>1%	10%	73%	27%	31%
Total Manager	7%	15%	1%	15%	62%	38%	33%
Total Other Exempt	10%	18%	1%	17%	55%	45%	43%
Total Non-Exempt	14%	11%	1%	28%	47%	53%	17%
Grand Total	12%	12%	1%	24%	51%	49%	38%

Source: 2007 CUDC Employment Survey of Member Utilities

Pipeline issues: In 2005 the Employment Subcommittee found that one factor influencing the utilities ability to attract qualified, diverse candidates is the availability of qualified labor resources in the labor markets represented above. Several of these labor markets lack substantial diverse representation. For example studies indicate that, in the United States, African Americans, Hispanics and Native Americans comprise less than 12% of those who graduate with engineering degrees.

In 2007 the CUDC member utilities built upon their substantial financial and resource commitment to improve the matriculation of minorities through science and engineering based programs (\$1.365 million 2006-2008). This commitment has come to fruition through a partnership formed between the CUDC and the University of California, Office of the President, Math Engineering and Science Achievement program (MESA).



Employment Committee



2007 was the second year of the program. Twenty-five MESA students were identified as CUDC-MESA Scholars and participated in a paid summer internship program at one of the sponsoring utilities which included a significant work assignment; coaching and development; and a two day Professional Development Seminar. The two day leadership seminar, sponsored by member utilities and held at PG&E's Learning Facility provided the MESA Scholars an opportunity to participate in classes designed to develop their professional and leadership skills. Highlights included:

- A kick-off reception and dinner where interns practiced their professional networking skills with CUDC members, MESA executives and CPUC Commissioner Timothy Simon. Commissioner Simon also was the dinner keynote speaker.

- CPUC Commissioner Rachelle Chong was the keynote speaker at the luncheon the following day. Commissioner Chong helped the participants better understand what it takes to succeed in today's environment. A spirited question and answer session followed.

The employment subcommittee is committed to focusing on overall pipeline issues affecting underserved communities. Plans for 2008 include the continued review of programs focusing on entry level talent pools from underserved communities.

Governance Committee

Committee Members: Yolanda Benson, Betsy Berkhemer-Credaire, Phil Enis, Thalia Gonzalez, Jess Haro, Bob Kelly, Ben Lewis, Gwen Moore, Jose Perez, Colin Petheram, Frank Quevedo, Dan Quigley, Aubrey Stone, Vicki Zeiger (Chair)

The information provided in this years report includes the minority and women representation of Boards of Directors of California companies regulated by the California Public Utilities Commission (CPUC).

The first graph reflects the minority and women representation of Boards of the five largest companies regulated by the CPUC and who are also members of the California Utilities Diversity Council (CUDC).

Board Members in 2007 of the Five Largest Utilities in the CUDC

The combined survey results for the five largest utilities participating in the CUDC and regulated by the CPUC are included below.

2007 FIVE LARGEST UTILITIES IN CUDC	African American	American Indian	Asian	Latino	White	Total	2007 ALL UTILITIES REGULATED BY THE CPUC						
							African American	American Indian	Asian	Latino	White	Total	% Fem
ETHNICITY TOTALS	9	14%	0	0%	2	3%	4	6%	51	77%	66	20%	23%

- Based on 66 Board members, 23% (15) are minorities and 20% (13) are female.
- Three of the 13 female directors are minorities (one African American, one Asian and one Latina).

The results of the five largest utilities in the CUDC survey compare favorably to data gathered by ISS Government Research Services.¹ This research showed for fiscal year 2004 that only 10% of board positions were held by minority groups and 12% were held by women. Even though this information is from 2004, the results of the five utilities above are almost double the ISS published results.

Board Members in 2007 of Utilities in California Regulated by the CPUC

The combined survey results of all 18 respondents in the CUDC survey are included below.

ETHNICITY TOTALS	African American	American Indian	Asian	Latino	White	Total	% Fem	% Min				
13	8%	1	1%	2	1%	4	2%	148	88%	168	17%	12%

- Based on 168 Board members, 12% (20) are minorities and 17% (28) are female.
- Five of the 28 female directors are minorities (three African Americans, one Asian and one Latina).

The 12% minority representation in 2007 represents a slight increase over 1997 of 7 % minority representation as shown below. Additionally, the 23% minority representation of board members in the five largest utilities is encouraging and shows that companies are moving in the right direction. .

Board Members in 1997

The combined survey results for 1997 were based on 15 of 18 participating survey respondents and are included below. Two of the participating companies were formed after 1997 and as a result, did not provide data for this section. Another company did not have the data available.

1997 ALL COMBINED UTILITIES	African American	American Indian	Asian	Latino	White	Total	% Fem	% Min				
3	2%	0	0%	2	1%	6	4%	150	93%	161	13%	11%

- Based on 161 Board members, 7% (11) were minorities and 13% (21) were female.
- One of the 21 female directors was a minority (one Asian).

¹ Information gathered from 1269 companies in the S&P 1500 that held their meetings between January 1 and July 31 2005 based on proxy filings for fiscal 2004.

Governance Committee

Newly Elected/Appointed Board Members July 2006 – June 2007

- Thirty-two* Board members were elected/appointed between July 2006 and June 2007.
- Of the newly elected board members, 12% (4) were minority and 16% (5) were female.

The ethnic breakdown of the minority members is as follows:

- 6% (2) African American
- 3% (1) Asian
- 3% (1) Latino

Note: * Nine of the 32 newly elected/appointed Board members were from the five largest utility companies (One African American male, one Latino male, five White males, one Asian female and one White female).

The Governance Committee's work this year included hosting Michele Hopper, Managing Partner and Founder of the Directors' Council. She provided information about the challenges of recruiting board of directors in today's environment. In addition, she described what qualifications boards are looking for as they recruit directors.

Some of the highlights from the information Ms. Hooper provided included statistics from 2004 such as²:

- Less than 14% of Fortune 500 board seats were held by women, with only 3% of those held by African American, Hispanic, or Asian-American females.
- Only 8% of Fortune 500 board sets were held by African Americans.
- Less than 2% of Fortune 500 board seats were held by the fastest growing U.S. demographic, Hispanics.

The CUDC and the Governance Committee are interested in seeing the number of minority and female board members increase.

Members believe it is important that the composition of boards reflect diversity. Based on this year's survey results, it would appear that these companies are moving in the right direction.

² Information from materials Ms. Hooper provided.

Philanthropy Committee

Committee Members: Kimberly Freeman, Thalia Gonzalez, Jess Haro, Rob Howard, Patricia Kushida, Elva Lima, Jose Perez, Colin R. Petheram, Frank Quevedo (Chair), Dan Quigley, Peter Ramirez, Vicki Zeiger

Committee Charter:

The purpose of the Philanthropy Committee is to examine how the CUDC member utility companies can increase and leverage charitable contributions to promote diversity and inclusion throughout their respective service territories.

The participating CUDC member utility companies are AT&T California, Pacific Gas & Electric, San Diego Gas & Electric, Southern California Edison, Southern California Gas Company, and Verizon.

2007 Committee Work:

The energy utilities continue to work on their commonly accepted goal of 1% of pre-tax earnings for charitable giving, and have each targeted 60% to underserved communities.

As was noted in our 2006 report, the utilities have moved toward more common definitions in each of the underserved categories, and include the four ethnic designations generally described as communities of color, in addition to low income, women and girls, LBGT. Each utility has adopted guidelines that are similar but not in complete conformance. This is largely a result of their various priorities, and processes which vary by company, areas served, and needs. For the first time, the water companies have begun to explore collaborative efforts with the five investor owned utilities, and continue to pursue their own individual philanthropy programs to address their respective business needs and initiatives.

2007 Update (Contribution by five utilities)

Collectively, in 2006 pre-tax income for the five (5) participating CUDC-member utility companies mentioned above was \$6.278 billion. Of this amount, approximately \$68 million was spent on philanthropy. This number for the CUDC-member utilities represents 1.08% of pre-tax earnings. By comparison, 2005 pre-tax income for the member utilities was reported

as \$5.969 billion. Of that amount, cash contributions equaled roughly \$50.3 million or 0.84% of pre-tax income. Progress was made towards the commitment by the utilities to achieve the 1% pre-tax goal; in 2006 total cash philanthropy increased by 25%. It is important to note that each company's pre-tax income figure for a baseline in calculating the 1% goal is different. For example, some companies' use the prior year's pre-tax earnings number as the baseline, while others use an estimate to build their budgets and track their goal.

Pre-tax Income	Total Philanthropy	1% Target
\$6,278,027,193	\$67,863,759	1.08%
\$5,968,681,989	\$50,282,826	0.84%

This is the second year to report the data by category in the aggregate, and much work has been done to bring more uniformity to the definitions utilized by each participating utility. We expect that in 2007, this issue should result in better record keeping and more easily made comparisons; it is not without difficulty given the large number of contribution made by each utility that have adhered to somewhat different methods of reporting, and attendant definitions. Whatever the differences, the impact on the underserved category is insignificant and has not appreciably impacted the data the utilities have reported.

One thing is clear, significant activity continues among the utilities, and we fully expect that the underserved allocation will increase in the years ahead, and the processes and definitions will more closely mirror one another. There should however be no illusions that the priorities for each will be identical; each has its own unique set of programs, goals, and successes, and in some cases geography and their attendant demographics play a significant role.

Philanthropy Committee

The following is the 2006 report in the aggregate for the five CUDC member utilities:

2006 Underserved		2005 Underserved	
African American	\$4,026,136	African American	\$2,959,421
American Indian	\$760,958	American Indian	\$362,817
Asian Pacific Islander	\$3,182,701	Asian Pacific Islander	\$1,966,153
Latino	\$11,831,422	Latino	\$6,679,805
Multi-Ethnic	\$7,402,045	Multi-Ethnic	\$7,530,173
Other Underserved	\$18,941,608	Other Underserved	\$9,601,865
TOTAL	\$46,144,870	TOTAL	\$29,100,234

In 2006, the five utilities designated \$46 million to underserved communities, an increase of \$18 million (or a 62% increase) over 2005. This represents 68% of the contributions made by the five utilities in 2006.

Joint Efforts:

In an effort to support programs to increase the Parent Institute for Quality Education (PIQUE) offerings around the state, four of the utilities and the California Water Association have come together to provide a minimum of \$125,000 of additional funding, an amount to be matched by the California State University system, as part of their commitment to engage individual campuses around the state.

In addition, preliminary discussions have been held on a number of other educational initiatives focusing on enhanced math and science teaching in high schools; focused assistance for faith based after school programs, and targeted efforts for under represented minority students in colleges and universities. These efforts and others are part of the existing priorities of the participating companies; the richness of these efforts and success reflective of the increasing diversity of the communities our participating companies serve.

Lastly, a number of utilities have announced their support of the California Aspire Achieve Lead Pipeline Project (CaAAL Pipeline Project); the founding members are the PUC, California Public Retirement System. To date, three of the utilities have pledged \$600,000 to underwrite this effort.

Procurement Committee

Committee Members: Joe Alderete (Co-chair), Betsy Berkhemer-Credaire, Dennis Huang, Monica Heredia, Felicia Hudson Marshall Kennedy, Joan Kerr (Chair), Patricia Kushida, Gwen Moore, Joe Partida, José L. Pérez, Colin Petheram, Peter Ramirez, Melanie Shelby (Co-Chair), Tracy Stanhoff

The CUDC Procurement Committee is pleased to note that the major California Utilities (AT&T, SCE, PG&E, Sempra, SDG&E, SoCal Gas, Verizon/Sprint) increased their supplier diversity results between 2005 and 2006 from **\$2.03 B to \$3.03 B**. The Procurement Committee continued its focus on areas where the utilities did not achieve either substantial supplier diversity results or substantial progress toward achieving their goals.

The CUDC Procurement Committee focused on two major initiatives in the past year.

I. Supporting the CPUC in continuing to produce statewide Forums for small businesses seeking to do business with the California Utilities and;

II. Supporting the increase of opportunities for diversity firms to participate in the Professional Services procurement category. Legal, Financial and Consulting Services are all Professional Services where utility procurement shows low supplier diversity participation.

I. Statewide Small Business Forums – members of the CUDC Procurement Committee helped to organize and staff 6 Small Business Forums listed in the table below. The utility representatives prepared presentations, recruited prime suppliers to meet with prospective subcontractors and conducted matchmaker meetings with the small businesses who attended the Forums. By traveling around the state, the utilities were able to meet with businesses from many different locations in California.

Date	Location
02/22/2007	City of Industry
04/26/2007	San Jose
05/24/2007	Oakland
06/14/2007	Anaheim
08/17/2007	San Francisco
09/13/2007	Long Beach

II. Professional Services – The CUDC members who represent various MWDVBE business organizations indicated that many of their members are in the professional services sector but have not had much success in securing utility business. The utilities' Annual Reports confirm that those areas are not yet achieving the 21.5 % goal.

The Commission also identified this same area of low utilization. The Commission asked the utilities for additional data on supplier diversity results in legal and asked the General Counsel to speak at the 2005 En Banc. The Commission also asked for additional data in the area of financial services and called together the utility Chief Financial Officers to explore how to improve results. They were called to testify at the 2006 En Banc.

In support of the Commission's focus on Legal Services, the CUDC Procurement Committee continued to support the outreach forums hosted by the utilities' General Counsels and major law firms.

In support of the second focus area, Financial Services, the CUDC Procurement Committee helped produce a very successful Financial Forum in San Francisco on September 19, 2006. The Forum brought together the 5 largest utilities and 3 of their largest suppliers- Ernst and Young, Price Waterhouse Cooper and Deloitte and Touche to meet with a wide-range of MWDVBEs. Diversity-owned accounting firms, money management and investment firms alike were able to meet directly with decision makers from AT&T, PG&E, Sempra, Southern California Edison and Verizon. This was followed in the spring of 2007 by another collaborative Utility Financial Forum hosted by SoCal Edison in Southern California.

The Procurement Committee selected Consulting Services as the next focus area of Professional Services. It is another professional services area with low utilization across all utilities and it is also an area with significant spend. AT&T hosted the first Consulting Services Forum in San Ramon in April 2007. We were honored with remarks from Commissioner Simon and AT&T's Executive

Procurement Committee

Vice- President- Bill Huber. This Forum placed a special emphasis on how diversity-owned consulting firms can work with the large international consulting firms that appear to dominate this procurement category. Formal presentations were made by Accenture, Deloitte , Infosys, KPMG, Price Waterhouse Coopers and Tech Mahindra. – explaining how diverse firms could work with them in their global consulting practices. The afternoon was devoted to matchmaker meetings. IBM and other large consulting firms that could not make the event, will be able to share their supplier diversity initiatives when a Southern California Consulting Services Forum is hosted in 2008.

The Procurement Committee finalized a survey to seek feedback from the companies participating in the various outreach forums that we are conducting. PG&E graciously funded the development of the survey which we will be utilizing in all future forums to collect feedback that will help us insure that these forums are helping to connect prospective suppliers with the utilities and their primes and will also help us design future outreach and matchmaking activities.

In 2007, we also launched a renewed dialogue on how to improve DVBE results with a focus on root causes and a business strategy analysis to better understand the challenges, opportunities, threats and strengths in this sector and the countermeasures that will help us to achieve our DVBE goals. September 10th was set aside as a special day- long session on what has and has not worked in the past and recommended steps to results improvement in the future. All utilities and DVBE advocacy organizations will be encouraged to participate in future forums along with the CPUC staff.

California Utilities Diversity Council

1017 L Street PMB 306 - Sacramento, CA 95814

Website: www.cudc.biz Phone: (916) 492-9163 Email: jperez@cudc.biz

Directorate:

José L. Pérez , Publisher of the Latino Journal	Chair
Nancy Zarenda , Director and Owner, Spanish Language Academy	Co Vice Chair
Frank Quevado , Vice President, Southern California Edison	Co Vice Chair
Linda Serizawa , Director, Consumer Service and Information Division, California Public Utilities Commission	Liaison to the CUDC
Phil Enis , Program Manager, Consumer Services Division, California Public Utilities Commission	Liaison to the CUDC

Yolanda Benson, Deputy Secretary, Jobs, Economic Development & Trade Business, Transportation & Housing Agency

Betsy Berkhemer-Credaire, Immediate Past President, NAWBO CA, President, Berkhemer Clayton, Inc.

Johnnie Giles, Vice President, Government Relations, Comcast

Thalia Gonzalez, Sr. Legal Counsel, The Greenlining Institute

Jess Haro, Immediate Past Chair, California Hispanic Association on Corporate Responsibility

Bill Harper, Vice President, Strategic Sourcing & Operations Support, Pacific Gas & Electric

Rob Howard, Human Rights Advisor, Utility Workers Union of America

Dennis Huang, President & Executive Director, Asian Business Association

Palle Jensen, Director, Regulatory Affairs, San Jose Water Company

Bob Kelly, President, California Water Association, Vice President, Regulatory Affairs, Suburban Water Systems

Patricia F. Kushida, President & CEO, California Asian Pacific Chamber of Commerce

Ben Lewis, Vice President, Service Delivery, California-American Water Company

Elva Lima, Vice President, Strategic Programs

Henry Mendoza, Chairman, California Hispanic Chamber of Commerce

Kenneth McNeely, President, California AT&T

Gwen Moore, President, GEM Communications

Peter B. Ramirez, President, SDVOB Corporation, Cal DVBE Alliance

Alexandria G. Rooker, National Executive Board Member, Communications Workers of America

Tracy Stanhoff, President, AD PRO

Aubry Stone, President & CEO, California Black Chamber of Commerce

Catherine Swenson, Initiative Director, Contract Education, CCC Economic & Workforce Development

Betty Jo Toccoli, President, California Small Business Association

Vicki Zeiger, Vice President, Human Resources, San Diego Gas & Electric Company & Southern California Gas Company