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# Pacific Gas & Electric Company Procurement Diversity

Assembly Member Bradford

June 17, 2011

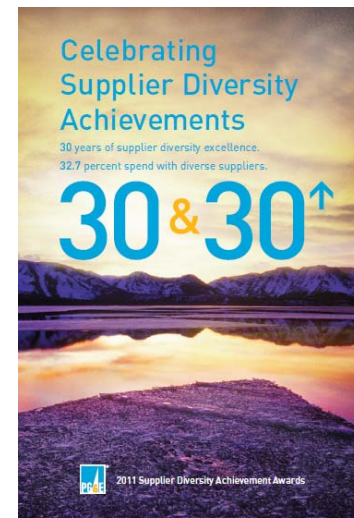
Des Bell, Senior Vice President & Chief Procurement Officer



# Leadership Commitment to Diversity

- Diversity and inclusion are core values at Pacific Gas and Electric Company and are among my top priorities as President. They help define our culture and are a critical part of the way we approach each person, every day. This year we are celebrating the 30th Anniversary of PG&E's formal Supplier Diversity program. I am very proud to report that in 2010, we exceeded our 30% spend goal with diverse businesses.
- Our ongoing commitment to diversity and inclusion is essential to our success as a business. Being more reflective of the communities we serve will better enable us to anticipate and respond to our customers' needs. It will allow us to engage in more creative and innovative solutions to the challenges we face. Using our purchasing power to support women-, minority- and service-disabled veteran-owned businesses will enhance the diversity of businesses in California. And these actions will enrich the communities where our customers and employees live and work.
- As we work to become the leading utility in the United States, diverse suppliers will strengthen our business and will help us realize this vision. As such, we will continue to focus on improving our supplier diversity initiatives. We are pleased to report on our efforts from the past year, and we look forward to continued progress ahead

Chris Johns  
PG&E President



# Policy Statement

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- “Supplier diversity is core to our vision and values at Pacific Gas and Electric Company. By having a diverse group of suppliers, we know that we have access to the very best products and services for the benefit of our customers and Company. By being inclusive of a broad range of diverse suppliers, we are also contributing to the economic development of the communities we serve.”
- It is the policy of Pacific Gas and Electric Company to promote, increase and improve the quality of the overall participation of diverse business enterprises (DBEs) and small business enterprises in our purchases of materials and services. Maximum practicable opportunity shall be given to DBEs to participate as suppliers of materials and services to Pacific Gas and Electric Company. Pacific Gas and Electric Company also encourages additional business opportunities for DBEs by requiring Supplier Diversity Participation Plans from our prime suppliers.

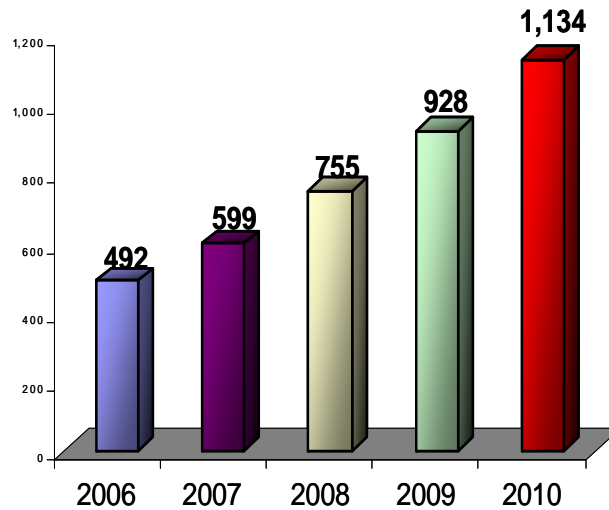


# Historical Results and 2010 Highlights

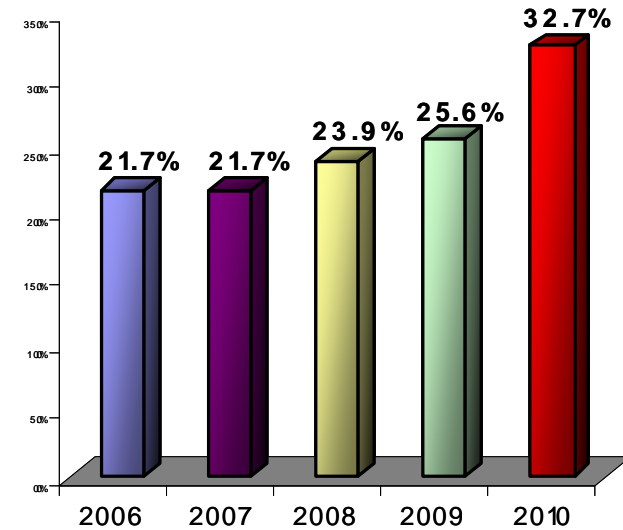
## Historical Performance

### PG&E Five Year Supplier Diversity Trend

Total WMDVBE \$ (Millions)



Total WMDVBE %



## 2010 Results and Highlights

- WMDBE Performance: 32.7% (\$1.13B)
- MBE 19.6%
- WBE 11.3%
- DVBE 1.7%



# Recognition Awards

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- Received the 2010 Overall Excellence Award from Edison Electric Institute (EEI) for leading supplier diversity program
- Received ISM's 2010 Charles J. McDonald Award: Recognition of the stellar supplier diversity results achieved under PG&E leadership; particularly in nuclear generation and photovoltaic generation
- Ranked No. 2 on the 2010 *DiversityInc* Top Regional Utilities
- Ranked No. 10 on the 2010 *DiversityInc* Top Companies for Supplier Diversity
- Named Best Diversity Company in the Diversity/Careers 2010 Readers Choice Survey
- Named Northern California Minority Supplier Development Council "Executive of the Year" - Desmond Bell, Senior Vice President Shared Services & Chief Procurement Officer
- Made *Minority Business News (MBN) USA*'s "Corporate 101" listing of top companies for Supplier Diversity
- Named "Best of the Decade" for being a leader in Supplier Diversity by *Minority Business News (MBN) USA*

The logo features the text "30 & 30+" in a large, bold, blue font. The ampersand "&" is smaller and colored yellow. The background of the logo is a landscape with mountains under a sunset sky, with the text overlaid on the scene.

30 & 30<sup>+</sup>

# What Works Well

## Technical Assistance Program (TAP)

- Executive Management Training
- Diverse Suppliers Go Global
- Diverse Suppliers Go Green
- ISO Certification
- Industry Training
- Access to Capital



*The Association of Shareholder-Owned Electric Companies*

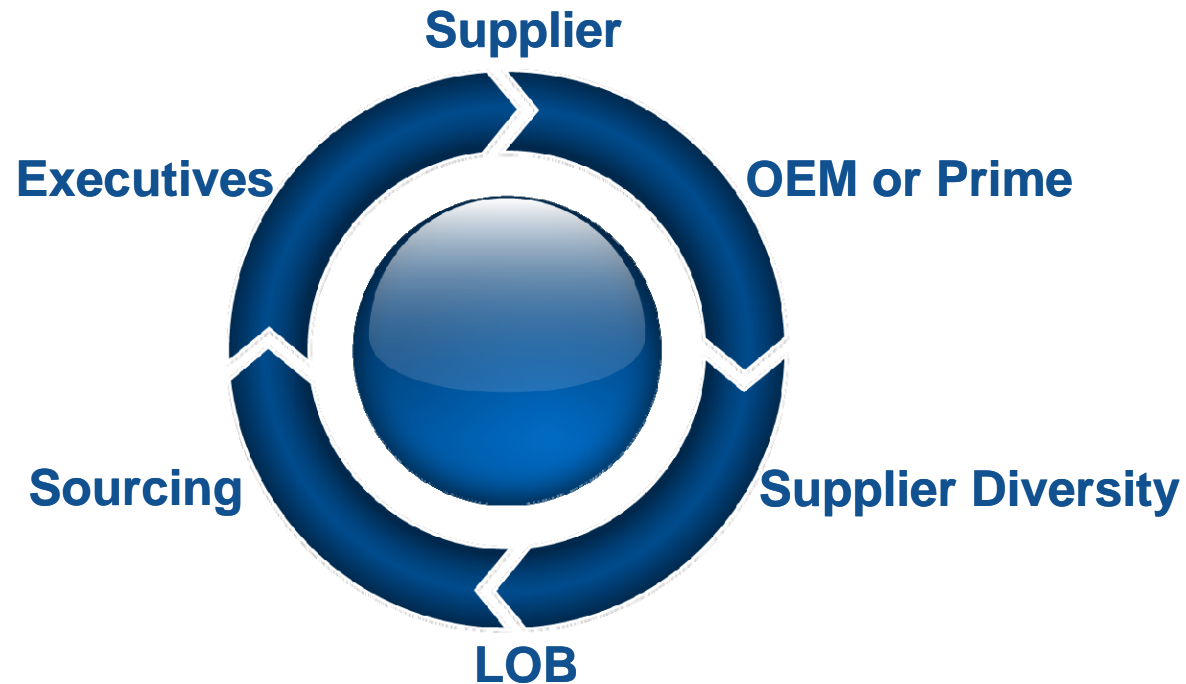
Learn how to prepare, acquire and utilize capital to make your mark in your industry and community!

# What Works Well

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## Supplier Development

Is a cross-functional collaborative process

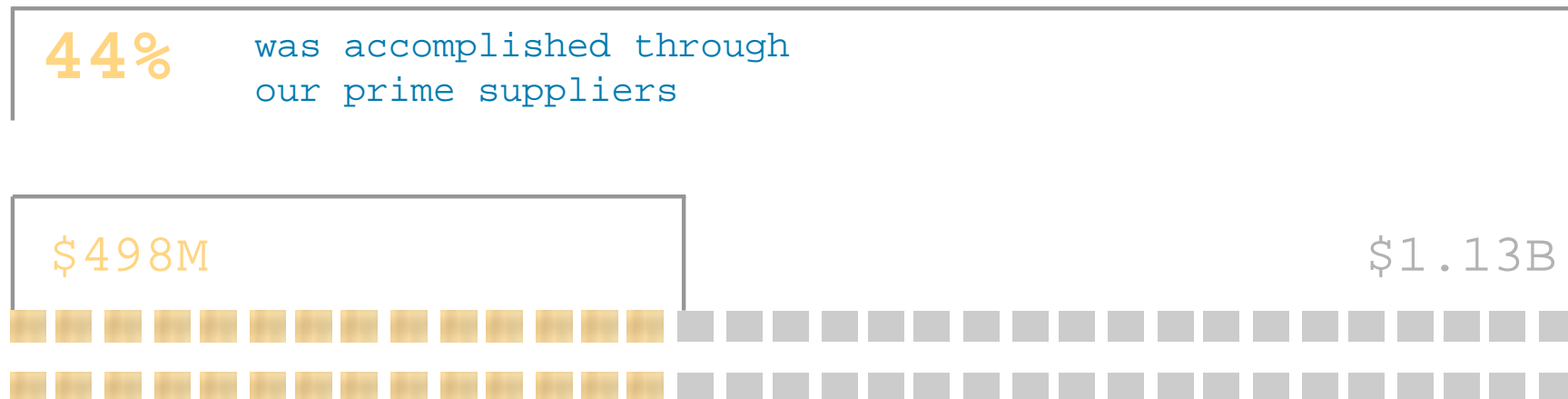


# What Works Well

## Prime Supplier Program

- Integral component of Pacific Gas and Electric Company's ability to achieve the CPUC W/MDVBE diversity participation goal.
- Successful primes align with our goal achievement strategy
- Primes Commit to:
  - Capacity building
  - Technical Assistance
  - Mentoring
  - Supplier Development

2010 PG&E Supplier Diversity Spend

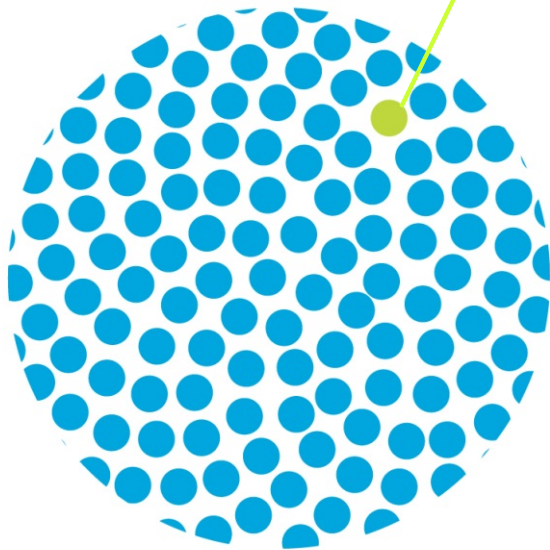




# Leadership Breakthrough

## DIVERSE SUPPLIERS GO GREEN

how sustainability can make your company more competitive



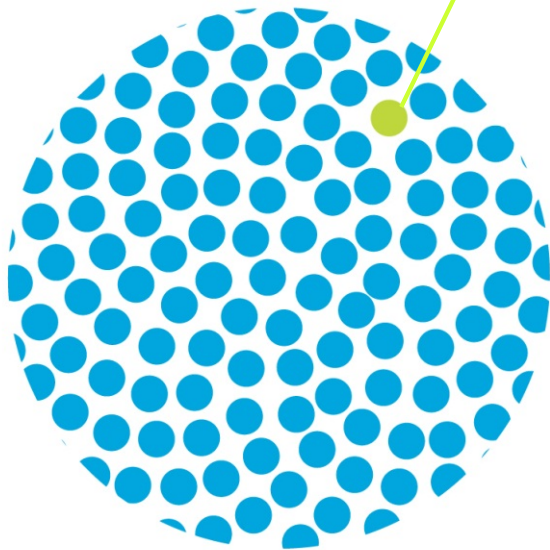
*Diverse Suppliers Go Green (DSGG) capacity building workshop encouraged companies to align their environmental goals with their customers in order to maximize customer satisfaction and future business opportunities.*

Diverse Suppliers Go Green Program

# Leadership Breakthrough

## DIVERSE SUPPLIERS GO GREEN

how sustainability can make your company more competitive



Diverse Suppliers Go Green Program

### Leveraged PG&E's Environmental Leadership

- Conducted Five DSGG Sessions
- Over 300 Diverse Suppliers Attended
- Collaborated with CBOs to Plan Events
  - Oakland Black Economic Council
  - Fresno Area Hispanic Chamber of Commerce
  - Santa Clara Northern California Minority Supplier Development Council
  - Sacramento Asian Pacific Chamber of Commerce
  - Oakland National Asian American Coalition

# What are the Challenges

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- Areas of Spend that require very specialized expertise, large scale deployment capabilities
  - Transformers
  - Nuclear Power
  - Energy Procurement
  - Pipeline Construction
  - Smart Grid
- Lack of *customer diversification and revenue growth* of some diverse suppliers create a dependency that weakens their ability to manage through fluctuations in demand and weakens their ability to successfully compete for bids.



# Leadership Breakthroughs: Photovoltaic

## Overall Approach for Vaca-Dixon and 250MW Year 1 Project

- Early education of suppliers on the supplier diversity program
- Research with PV Suppliers into the industry's value chain to identify potential opportunities
- Significant outreach and education [International Webinars]
- Clear messaging throughout RFX process to maintain focus and energy on Supplier Diversity Program and Goals



Typical MW-Scale Photovoltaic Installation

# Leadership Breakthroughs: Photovoltaic

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## Pilot: Vaca-Dixon Solar Station

- The new plant was built by Solon Corporation, the US-based subsidiary of Germany's Solon SE.
- Solon worked with local company ALB, Inc. (MBE), to prepare the site, while another California firm, Silverwood Energy (DVBE), built the facility.



**Delivered 30%  
Supplier  
Diversity**

# Leadership Breakthroughs: Photovoltaic

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## 250 MW Year 1 Project

These efforts in support of the Solar PV UOG Program are *forecasted to result in >60% supplier diversity results in 2011* (or more than \$100M diverse spend) based on the detailed subcontracting plans of the awarded prime suppliers

**Forecast 60%  
Supplier  
Diversity**



# Recommendations for Further Improvements

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## Continue Collaborative Model of Creating Supplier Diversity Breakthroughs

Continue and expand the collaboration between the Commission, Legislators, Utilities and Diverse Supplier community to create breakthroughs in procurement sectors that are not yet fully utilizing diverse suppliers.

- Finance
- Insurance
- Legal
- Advertising
- Consulting



# Recommendations for Further Improvements

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## **Expand the Vision of Supplier Diversity Excellence to a much broader sector of the California economy.**

- There are many California corporations that could help strengthen the California economy by developing strong Supplier Diversity Programs as well.
- Share the Utilities' Best Practices with these business sectors that have not yet realized the full benefits of supplier diversity.
- Work with organizations such as the California Business Roundtable, the Silicon Valley Leadership Group and other statewide and regional corporate executive organizations that have the power to initiate and execute supplier diversity initiatives within their businesses and in their supply chains.

