



Southern
California
Gas Company

A  Sempra Energy utility®

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heights



SUPPLIER DIVERSITY

2013 ANNUAL REPORT – 2014 ANNUAL PLAN

reaching **NEW** heights

Southern California Gas Company's (SoCalGas®) commitment to supplier diversity began more than 30 years ago with a simple promise to include diverse suppliers in our procurement.

Over the years, we moved beyond setting and meeting certain goal targets and focused on developing meaningful, long-term partnerships with woman-, minority-, and service-disabled veteran business enterprises (WMDVBEs).

We became more targeted about our outreach and worked with community and business organizations to identify qualified suppliers. We created technical assistance and support programs to help these suppliers develop new skills while providing individual mentoring and guidance to ensure their success.

Today, supplier diversity is more than a commitment; it's a key business strategy and a core company value that is embedded in our culture. This is evident in the steady increases we have experienced every year and as well as in our recent performance. In 2013, we spent an unprecedented 45.4 percent with WMDVBE primes and subcontractors. It is the second year in a row that we broke through the 40 percent mark – a threshold that once seemed unattainable in the early years of our supplier diversity effort. But it is not all about the numbers.

Reaching new heights, our strong results motivate us to look beyond the dollars and percentages. We will remain focused on the quality of our results, including the number of new diverse suppliers added annually, the inclusion of smaller businesses that have never done business with a utility and ensuring new diverse suppliers are deployed in our larger capital projects.

Together with our executive management team's support, development, mentoring and targeted outreach programs, and community and business partnerships we plan on continuing the development of these valuable business relationships.

Supplier diversity is more than a commitment; it's a key business strategy and a core company value that is embedded in our culture.

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President and CEO'S Message

I am proud to report that in 2013, Southern California Gas Company (SoCalGas®) achieved an unparalleled 45.4 percent spend with women, minority, and service-disabled veteran business enterprises (WMDVBEs). This solid performance surpasses our previous record of 41.9 percent that was set in 2012. Over the years, SoCalGas has steadily increased its procurement with diverse suppliers, but these numbers are not the only indicator of our success.

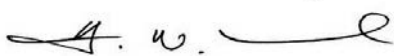
We have long known that working with diverse suppliers has been key to supporting our mission of safely and reliably delivering natural gas to our customers at reasonable rates. Our supplier base is integral to achieving excellence in running our business. In addition, our partnership with diverse firms brings economic benefits as well as job growth to our service territory and other parts of California.

In addition to focusing our efforts on the percentage of spend for our diverse suppliers, we also invest substantial resources in four other areas. First, we think it's important to ensure the long-term success of WMDVBEs and we accomplish this by working closely with the different firms and by offering technical assistance programs. Second, we proactively include diverse suppliers in large capital programs and partner them directly with larger companies that can then utilize the WMDVBE services in future projects. Third, we actively recruit smaller and start-up WMDVBEs to our Smaller Contractor Opportunity Realization Effort (SCORE) program so that they can learn firsthand how to do business with utilities. Lastly, we look at the diversity within our diverse spending to make sure new companies are getting opportunities to establish relationships with SoCalGas and that we continue to grow the number of potential suppliers. Together, these efforts improve the long-term effectiveness of our supplier diversity program.

This balanced and broad approach is paying dividends. In 2013, our technical assistance programs reached more than 300 businesses and helped these companies become stronger and more efficient. We're particularly pleased that through our SCORE program, we added 15 new suppliers that provided \$20 million in services and products for our core gas pipeline construction activities. Company wide, we added more than 100 other new diverse suppliers to our base. We also had successful outreach programs that added diverse firms to our support teams for our Advanced Meter and Pipeline Safety Enhancement Plan activities.

Looking ahead, we will continue to work with our community partners to recruit and identify potential business opportunities for talented diverse suppliers and provide technical assistance and mentoring to ensure diverse firms' growth and long-term success.

With all of us engaged in these efforts, I'm confident we will continue to reach new heights in supplier diversity in 2014 and beyond.



Dennis Arriola
President and CEO,
Southern California Gas Company



Since 1979, spending with diverse suppliers has grown from \$4 million to **\$428 million**

Spending with diverse businesses rose from 2.2 percent in 1979 to **45.4 percent** in 2013

reaching
NEW
heights

2013 Annual Report and 2014 Annual Plan

2013 Highlights

SoCalGas continued to focus, innovate and work diligently with its partners to create and sustain opportunities for diverse suppliers. These efforts led to another strong year – 45.4 percent of purchases were made with women-, minority-, and service-disabled veteran business enterprises (WMDVBEs), totaling a record \$428.5 million.

Reaching new heights in supplier diversity, our performance in 2013 was even stronger than the previous record set in 2012 of \$348 million in WMDVBE spend, or 41.9 percent of total purchases. It was also the 21st straight year we exceeded the California Public Utilities Commission’s (CPUC) 21.5% goal.

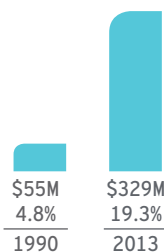
In 2013, we achieved outstanding results in all categories: spending with minority business enterprises (MBEs) reached \$292.4 million, women business enterprises (WBEs) achieved \$116.4 million, service disabled-veteran business enterprises (SDVBEs) totaled \$19.7 million and women minority business enterprises (WMBE) reached \$105.6 million. Since 2009, we more than doubled our spending with diverse suppliers.

Gaining significant progress in a number of company business units, including natural gas procurement, where we spent \$329 million with diverse natural gas suppliers. This included a first-time transaction with an SDVBE, which received active mentoring from our Gas Acquisition team.

Natural Gas Procurement



\$329M
With diverse suppliers

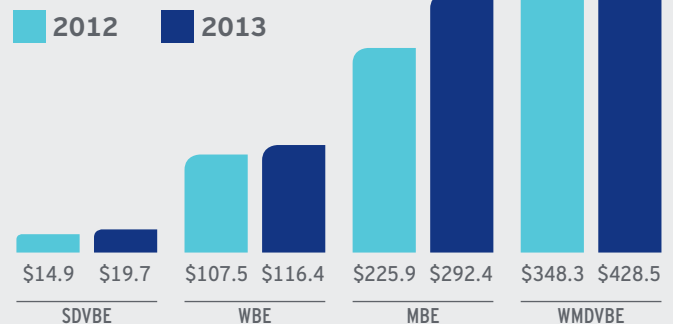


However, the effectiveness of our efforts include other measurements. It goes far beyond the early days of what was then our supplier diversity program. This involves the inclusion of diverse suppliers in all aspects of SoCalGas procurement and the ability for even the smallest suppliers to do business with our company. We achieve this by providing technical assistance and other development opportunities to our WMDVBEs.

SoCalGas Spend

2012 vs. 2013

IN MILLIONS



Our 2013 results can be attributed to our:

- ▶ **Strong commitment to supplier diversity that starts with senior management and flows throughout the organization.**
- ▶ **Efforts to cast a wide net to target and engage diverse suppliers through our 70-plus outreach activities.**
- ▶ **Partnerships with business and community organizations to reach out and identify talented diverse firms.**
- ▶ **Wide array of mentoring and technical assistance programs, as well as working with other organizations, to ensure success.**

SCORE grew to \$20 million in total contracts, a significant increase from \$2.7 million in mid-2011 when the program was created.

SCORE contracts



In 2013, more than 300 diverse suppliers took advantage of our technical assistance program – which is aimed at helping WMDVBEs advance their business through on-the-job mentoring, bootcamps and work shops.

Technical Assistance and Skill Building



We also launched our supplier diversity initiative's Mastering Business Growth (MBG) to help WMDVBEs become more successful utility suppliers through coaching, networking and targeted matchmaking with SoCalGas representatives. MBG has already helped 200 participants unlock their potential by providing a toolkit of resources for development and expansion.

We also have 382 prime diverse suppliers, 12 of which are among our top 25 suppliers company wide. Several have their own supplier diversity initiatives, understanding the competitive value of partnering with WMDVBEs and wanting to pay it forward.

Prime Diverse Suppliers



SoCalGas Procurement Results

	YEAR 2013		YEAR 2012	
	Value	Percentage	Value	Percentage
Total	\$944,220,332	–	\$831,442,383	–
Minority (MBE)	\$292,396,010	30.97%	\$225,876,244	27.17%
Women (WBE)	\$116,380,529	12.33%	\$107,562,070	12.94%
Service Disabled Veteran (DVBE)	\$19,735,696	2.09%	\$14,905,114	1.79%
Total WMDVBE	\$428,512,235	45.38%	\$348,343,427	41.90%

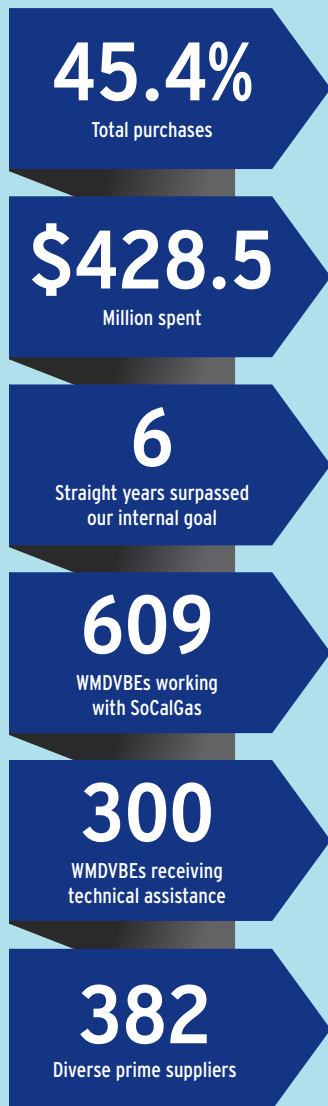
Total dollars spent on products and services with DBE suppliers in the last five years for SoCalGas

2009	2010	2011	2012	2013
\$202,017,398	\$229,958,338	\$307,663,914	\$348,343,427	\$428,512,235
34.53%	37.42%	38.12%	41.90%	45.38%

2013 Procurement Results

Women, Minority and Disabled Veteran Business Enterprises (WMDVBE)

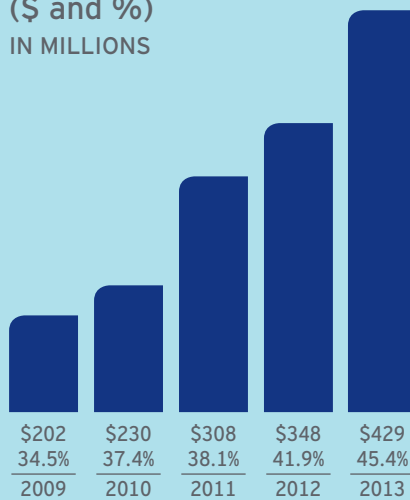
For six consecutive years, SoCalGas has surpassed its internal goal for spending with diverse suppliers. In 2013, 45.4 percent of total purchases were made with WMDVBEs for a total of \$428.5 million. The tables at right provide a breakdown by categories.



21 years exceeding CPUC's 21.5% goal

\$2.8 billion spent with WMDVBEs over the last 20 years

2009 to 2013 (\$ and %) IN MILLIONS

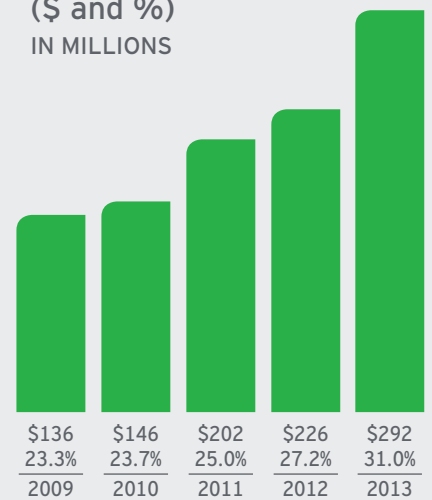


Minority Business Enterprises (MBE)

Spending



2009 to 2013 (\$ and %) IN MILLIONS

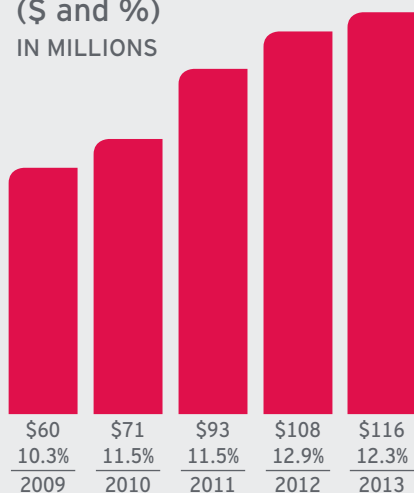


Women Business Enterprises (WBE)

Spending



2009 to 2013
(\$ and %)
IN MILLIONS

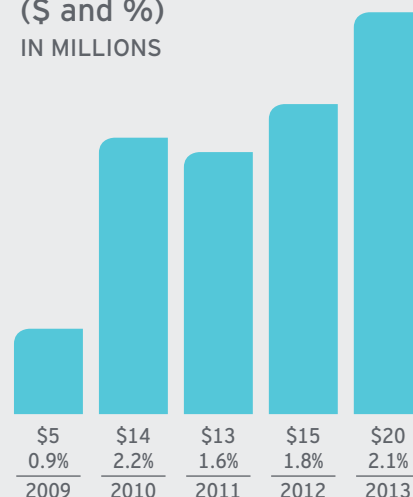


Service-Disabled Veteran Business Enterprises (SDVBE)

Spending



2009 to 2013
(\$ and %)
IN MILLIONS

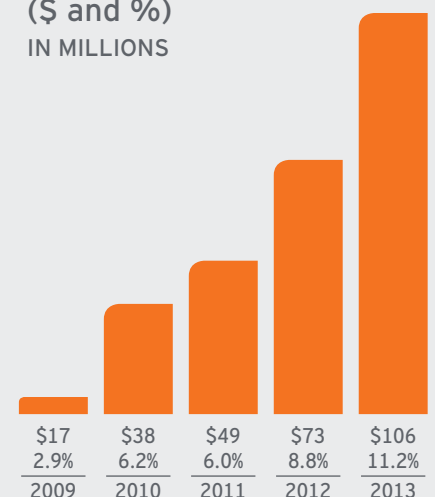


Women Minority Business Enterprises (WMBE)

Spending



2009 to 2013
(\$ and %)
IN MILLIONS



9.1.1 Program Activities

INTERNAL ACTIVITIES

Corporate Commitment

Our record-breaking performance in 2013 is a testament that supplier diversity is a companywide commitment by all our employees and deeply woven throughout the organization, from senior executives to directors, managers and supervisors.

In 2009, we formalized our commitment by linking management employees' incentive compensation to supplier diversity results. This increased accountability within SoCalGas and drove us to find innovative ways to achieve our supplier diversity objectives.

Along with employee safety, customer satisfaction and other operational goals, supplier diversity is ingrained in our culture with all employees understanding and valuing the importance of growing purchases with diverse businesses.

Supplier Development/Technical Assistance

We offer a wide range of technical assistance to help diverse suppliers grow and succeed. In 2013, our programs reached more than 300 businesses. Whether it's providing education to help them sustain their businesses or offering introductions to

staff members, our goal is to help diverse suppliers become better prepared to take on work with SoCalGas, and equally important, other potential clients. Activities include:

SCORE

Our SCORE program continued to reach new heights and achieve outstanding results, awarding 15 contracts and more than \$20 million to diverse firms in core construction areas.

Launched in 2011, SCORE's aim is to expand the pool of smaller diverse businesses in our supplier base, provide on-the-job mentoring and development and, most importantly, help them get in the door with SoCalGas. SCORE includes the following teams:

- ▶ **Cross-functional.** Known as the Tiger Team, it identifies projects that can be completed by smaller diverse businesses and includes staff members from Operations, Procurement and Supplier Diversity.
- ▶ **Policy.** Comprised of Supplier Diversity, Operations and Procurement staff, along with diverse firms, representatives from community organizations, an assembly member staff representative and a CPUC member, the team investigates the impediments and barriers to working with SoCalGas.



Supplier Diversity Institute - Technical Assistance Program for WMDVBES

- ▶ **Communications.** The team is focused on enhancing outreach and communications with smaller contractors, promoting success stories and SCORE's progress.
- ▶ **Internal managers.** The team meets every other month to identify major upcoming Requests for Proposals (RFPs) and shares them with potential diverse contractors.

In 2013, more than 100 diverse suppliers took advantage of SCORE's boot camps, which are aimed at helping them advance their business. We also held three workshops on social marketing, branding and responding to RFPs while covering the basics of becoming a SoCalGas supplier.

Supplier Diversity Institute's Mastering Business Growth

In 2013, SoCalGas, along with sister utility, San Diego Gas & Electric Company (SDG&E®), created the Supplier Diversity Institute's Mastering Business Growth (MBG), a Tier 1 program targeted at suppliers that have been in business less than three years and have under \$1 million in revenue.

The overall goal of MBG is to help selected business owners and their organizations become successful utility suppliers by providing them with necessary growth tools as well as opportunities for one-on-one coaching, peer networking and targeted matchmaking with SoCalGas representatives. MBG gives diverse firms the opportunity to unlock their potential by providing a toolkit of resources to reduce barriers for development and expansion.

We developed a technical assistance program delivered over a span of 30 weeks with 10 weekly half-day classes held in Los Angeles, Orange and San Diego counties, reaching nearly 200 participants. Designed and instructed by a CPUC-certified minority- and woman-owned consulting firm that works with small business owners, workshops covered such topics as developing a business plan, finance and accounting, human resources management, business law, operations, contracting, risk management, technology and marketing.



SCORE - Branding Workshop

SoCalGas received enthusiastic feedback from attendees, who rated the program 97 out of 100 points based on its value and content. Some have implemented new strategies, acquired new contracts and capital and hired new employees. So far, seven have received contracts from SoCalGas and other utilities. The owner of the firm that developed the curriculum was also able to hire at least seven additional diverse contractors to support the MBG program roll out, achieving 45 percent diverse subcontracting spend. The program helped this diverse firm grow, along with attendees.

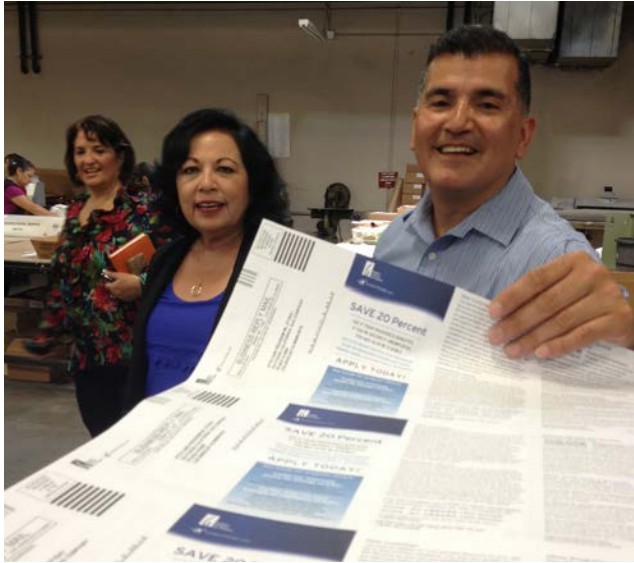
Back Office Workshop

We identified an opportunity for an all-day training workshop on back office skills and offered a class to Energy Savings Assistance Program (ESAP) contractors. The class, which attracted about 30 contractors, addressed customer services, accounting concepts and process improvements.

Supplier Diversity Business Showcase

To open doors for diverse firms with SoCalGas' prime suppliers, we held business showcase events for companies engaged in landscape, parking lot paving services and materials procurement. These events are intended to bring together prime and diverse suppliers for potential business opportunities.

In May 2013, SoCalGas held a Supplier Diversity Business Showcase in which 11 diverse suppliers in materials procurement made presentations about



Supplier Diversity Site Visit

their products and services to SoCalGas project managers and prime suppliers. The event also gave suppliers an opportunity to meet major distributors and manufacturers of pipes, valves and fittings. Following the showcase, all of these diverse suppliers were invited to submit a response to an RFP opportunity.

Ethnic/Community Media

SoCalGas continued to build out and improve on our ethnic media strategy. This strategy is designed to be more effective at reaching our multicultural customers, who make up a large percentage of our customer base. We continued to evaluate and consider local, community print advertising to communicate topics such as customer assistance.

For two of our customer assistance programs, CARE (California Alternate Rates for Energy) and ESAP (Energy Savings Assistance Program), we developed separate print campaigns throughout the year, which included 12 different print publications targeted at Hispanic, Chinese, Vietnamese, Korean, Tagalog and African American customers, to ensure cultural relevancy.

We also updated our internal tracking system to ensure ethnic/community print media is utilized

evenly throughout our service territory by area, language and ethnicity, when feasible and applicable.

During the year, 34 percent of our media budget was spent targeting our multicultural customers. We included ethnic-owned media as part of our advertising buys whenever possible.

Communications and Awareness

In 2013, we frequently communicated supplier diversity goals, progress and success stories. Articles highlighting our efforts appeared in Sempra Energy's internal publications, *GasLines* and *Sempra News*. We also utilized our Media and Employee Communications and Regional Public Affairs teams to leverage our communications with external media outlets.

In addition, SoCalGas' Supplier Diversity team shared information with various departments and provided assistance and progress reports to promote supplier diversity objectives.

Other activities included the Employee Diversity Council, comprised of 50-plus employees throughout Sempra Energy companies who are tasked with making recommendations on diversity issues that impact employees, customers and other stakeholders; and Local Diversity and Inclusion Councils aimed at increasing employee awareness and sensitivity. These seven councils hosted events celebrating cultural diversity and promoting inclusion.

Diversity Champions

SoCalGas and SDG&E annually recognize employees' accomplishments in supplier and employee diversity at our Diversity Champions luncheon. In 2013, we presented awards to 60 employee "champions." Taking part in the celebration were then SoCalGas Chairman and CEO Anne Shen Smith, then SoCalGas President Dennis Arriola, and Executive Vice President of External Affairs for Sempra Energy and Chairman of SDG&E Jessie J. Knight. CPUC Commissioner Carla Peterman also attended and gave the keynote address.

Monitoring Tools

During the year, our Supplier Diversity team monitored and shared information on our overall spend progress and individual department results with the help of customized monthly reports as well as an internal electronic information tool. The team also monitored monthly reports tied to specific departments and managers used this information to increase WMDVBE prospects.

Launched in 2012, this electronic tool has proven to greatly enhance our ability to target and track spending with diverse suppliers by allowing managers to view spend and subcontracting results on a monthly or year-to-date basis. It has the ability to identify trends and targets, providing staff with information to strategize on the most effective ways to work through challenges and opportunities.

Supplier Diversity Team

The Supplier Diversity team was instrumental in SoCalGas' exceptional performance in WMDVBE spending in 2013. This team became integrated into the SoCalGas supply chain organization comprised of Procurement, Warehousing and Logistics. This enabled the group to be incorporated closer to the decision-making process and increased efficiencies and strategic alignment in the supply chain.

Activities in 2013 included:

- ▶ Partnering with Procurement managers and internal clients to form a three-point procurement team, which has been successful in achieving diverse supplier content in our contracts
- ▶ Developing annual business plans for WMDVBE spending for each vice president and their direct reports
- ▶ Identifying and developing qualified diverse suppliers
- ▶ Participating in SoCalGas' strategic sourcing initiatives and process
- ▶ Meeting with prime contractors and providing training on development and execution of subcontracting plans
- ▶ Verifying and monitoring subcontractor plans
- ▶ Working with diverse suppliers to address any performance gaps
- ▶ Encouraging and working with diverse suppliers to obtain certifications/verifications
- ▶ Supporting diverse suppliers during internal and external meetings
- ▶ Promoting diverse firms within the company
- ▶ Arranging face-to-face meetings with diverse suppliers, procurement agents and internal clients
- ▶ Holding diverse supplier showcase forums for near-term contract opportunities to help highlight potential contractors
- ▶ Providing internal clients with evaluations of potential diverse suppliers' capabilities
- ▶ Evaluating diverse firms to determine readiness to participate in the procurement process
- ▶ Participating in the bid evaluation process
- ▶ Making supplier diversity presentations to business units
- ▶ Providing statistics on department/division goals and performance
- ▶ Helping to resolve problems involving diverse suppliers with contract requirements, performance and quality-of-service issues
- ▶ Strengthening contract language in the Supplier Diversity Subcontracting Commitment Plan
- ▶ Identifying low WMDVBE utilization areas and creating targeted opportunities
- ▶ Revamping technical assistance programs to provide a unique tiered educational program for all levels of suppliers' needs
- ▶ Strengthening WMDVBE contract language
- ▶ Participating in various matchmaking events to meet new suppliers
- ▶ Participating as panelists at supplier diversity conferences, seminars and events to promote supplier diversity activities and opportunities
- ▶ Cultivating business relationships with suppliers through team site visits
- ▶ Organizing Meet the Stakeholders reception for 2012 and 2013 USC Financial Success Program graduates

EXTERNAL ACTIVITIES

Supplier Development/Technical Assistance

In addition to our internal supplier development and technical assistance programs, we work with external organizations to help diverse suppliers develop skills to increase their business capacity. Our partnerships included major universities, minority business and community organizations. In 2013, technical assistance provided by SoCalGas totaled \$251,896, including funds to universities, business and community programs.

Here's a summary of our activities in 2013:

Capacity Building Initiative

Capacity building is critical for any business but it's particularly challenging for diverse suppliers. Oftentimes, they are qualified to take on more customers but they lack the capacity, or the skills to compete for larger contracts. Without expanding capacity, they're unable to take their businesses to a higher level.

Recognizing these growth challenges, SoCalGas continued its partnership with Southern California Minority Supplier Development Council's (SCMSDC) Capacity Building Initiative to help minority firms grow capacity through unique resources and one-on-one coaching. In 2013, we continued to mentor a construction firm and a business consultant – both of which received SoCalGas contracts during the two-year initiative.

Our work included monthly meetings to track and ensure progress, helping suppliers explore viable ways to grow their businesses, encouraging them to form partnerships with other diverse suppliers and take steps toward future expansion.

Educational Partnerships

SoCalGas continued to invest in programs at University of Southern California (USC) and University of California, Los Angeles (UCLA) to provide technical assistance to promising diverse firms ready to do business with utilities. Through these programs, suppliers were taught financial and

general business acumen in courses on managerial and financial accounting, planning and budgeting, operations improvement and project management.

- ▶ UCLA Management Development for Entrepreneurs – The program enables entrepreneurs to enhance essential management skills and develop a business improvement plan. Participants also strengthen their ability to build and manage effective and profitable organizations. Upon completion of the program, participants receive their mini-MBA certificate and gain access to the greater UCLA Anderson alumni network. A total of 10 SoCalGas-sponsored suppliers completed the program.
- ▶ USC Marshall School of Business Financial Success for Diverse Businesses – This is intended to increase business acumen and develop financial management skills of executives and senior managers who are challenged with day-to-day operations while trying to grow their companies. A total of 19 SoCalGas-sponsored suppliers completed the class.

In addition, we made a commitment to UCLA Anderson School of Management's "Entrepreneurship Boot Camp for Veterans with Disabilities," which helps participants learn skills that will lead to successful entrepreneurial ventures. We also continued to support and partner with UCLA Advanced Technology Management Institute (ATMI), a program aimed at enhancing the role of selected diverse suppliers in developing and delivering advanced technologies.

Furthermore, we provided support to a prime diverse contractor who sponsored a workshop to enhance WMDVBES' public speaking and presentation skills. Just as this supplier received support from SoCalGas, they wanted to "pay it forward" and help other diverse firms grow and become more successful.

Community-Based Organizations

SoCalGas funded and partnered with diverse community-based organizations that offered technical assistance programs. Many of these

programs were for small or micro-businesses and included workshops on planning and managing future business success, financial controls, marketing, sales and service.

Outreach to SDVBES

Our supplier diversity efforts continued to target service-disabled veteran business enterprises (SDVBES). For the past two years, we've teamed up with Elite Service Disabled Veteran Owned Business (SDVOB) Network-Los Angeles to host "Turn Contacts into Contracts," a day-long conference focused on increasing purchases with SDVBES.

SoCalGas Chief Operating Officer Bret Lane kicked off the 2013 event and introduced former CPUC Director of Safety and Enforcement Division Brigadier General Jack Hagan as the keynote speaker.

Held at our Energy Resource Center in Downey, the event attracted 150-plus attendees and featured workshops and matchmaking sessions with Supplier Diversity and Procurement representatives from SoCalGas and other utilities and corporations. Its aim was to turn contacts into new contract opportunities. As a result, two suppliers have been identified as potential participants in an upcoming 2014 environmental services procurement opportunity.



SoCalGas Chief Operating Officer Bret Lane at Elite SDVOB Network LA Chapter's Turning Contacts Into Contracts



SoCalGas Championing Diversity Awards Luncheon - SoCalGas CEO and President Dennis Arriola with Supplier of the Year Alameda Construction, Inc.

Supplier Recognition

We believe that outstanding work by our diverse suppliers should be recognized and rewarded. As such, we take pride in recognizing exceptional suppliers by nominating them for local and national awards. In 2013, we nominated five suppliers for SCMSDC Supplier of the Year awards and were gratified when one firm was awarded the national Class I category award and another was recognized as a regional Class II Supplier of the Year by NMSDC.

External Outreach

SoCalGas continued to support a wide range of business organizations that assisted in the professional and economic development of diverse suppliers. In 2013, we served on corporate advisory boards and committees, held leadership positions and participated in local, regional and national trade fairs and conferences.

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Receiving more than a contract

Leonel Alvarado got more than he expected when his company, Highlands Energy Solutions, was awarded its first contract in 2009 to perform weatherization services for SoCalGas' Energy Savings Assistance Program (ESAP).

In addition to the three-year contract to perform energy-saving services, such as attic insulation and door weather-stripping and caulking, for the utility's limited income renters and homeowners, the Fresno-based contractor received critical information to help the company grow and succeed.

SoCalGas sponsored Highlands Energy Solutions in the UCLA Anderson School of Management's Management Development for Entrepreneurs, a 10-day program that enables entrepreneurs to develop essential management skills and strengthen their ability to build and manage effective and profitable organizations.

As a result of the lessons learned in the 60-plus hours of classroom instruction, Alvarado says "we're realigning our business so we're more intentional about what we do, pushing that down to our employees and having them push that back up to us. The program has been very helpful in moving us to more of a business entity."

The service-disabled veteran business enterprise has 110 employees with nearly half dedicated to ESAP's outreach, marketing and energy efficiency services.

"The Gas Company has opened doors to us. We're thankful to have the opportunity to work with them," he adds.



2013 AWARDS

In 2013, SoCalGas received numerous awards and honors for its supplier diversity activities, including:

- ▶ American Indian Chamber of Commerce – Eagle Thank You Award
- ▶ Black Business Association – Capacity Building Award
- ▶ Elite Service Disabled Veteran Owned Business of Los Angeles – Appreciation Award
- ▶ Elite Service Disabled Veteran Owned Business Network – Recognition and Appreciation
- ▶ Elite Service Disabled Veteran Owned Business – Los Angeles – Partnership Award
- ▶ Greater Los Angeles African American Chamber of Commerce – Utility of the Year
- ▶ National Elite Service Disabled Veteran-Owned Business – Recognition Award
- ▶ Southern California Minority Supplier Development Council – Corporation of the Year Award
- ▶ U.S. Hispanic Chamber of Commerce – Million Dollar Club
- ▶ Women’s Business Enterprises Council-West – Corporate Advocate of the Year



ORGANIZATIONS SUPPORTED BY SOCALGAS

- ▶ American Indian Chamber of Commerce
- ▶ Asian Business Association – Los Angeles*
- ▶ Asian Business Association – Orange County*
- ▶ Asian American Advancing Justice – Los Angeles
- ▶ Asian Pacific Islander Small Business Program
- ▶ Black Business Association – Los Angeles
- ▶ California Asian Chamber of Commerce
- ▶ California Black Chamber of Commerce
- ▶ California Disabled Veteran Business Alliance
- ▶ California Hispanic Chamber of Commerce
- ▶ California Utilities Diversity Council
- ▶ Chinese American Construction Professionals
- ▶ Community Lawyers, Inc.
- ▶ Elite Service Disabled Veteran Owned Business Network – Los Angeles*
- ▶ Elite Service Disabled Veteran Owned Business Network – National
- ▶ Greater Los Angeles African American Chamber of Commerce
- ▶ Latin Business Association*
- ▶ Latino Business Chamber of Greater Los Angeles
- ▶ Latino Coalition
- ▶ Moreno Valley Black Chamber of Commerce
- ▶ National Asian American Coalition
- ▶ National Association of Women Business Owners – Los Angeles*
- ▶ National Council of Minorities in Energy*
- ▶ National Association of Minority Contractors – National
- ▶ National Association of Minority Contractors – Southern California*
- ▶ National Latina Business Women Association – Los Angeles
- ▶ National Minority Supplier Development Council
- ▶ National Utilities Diversity Council*
- ▶ Philippine American Bar Association
- ▶ Recycling Black Dollars
- ▶ Regional Black Chamber of Commerce of San Fernando Valley
- ▶ Southern California Minority Supplier Development Council*
- ▶ U.S. Hispanic Chamber of Commerce
- ▶ U.S. Pan Asian Chamber of Commerce
- ▶ Women’s Business Enterprise Council – West*

*Board position held by Supplier Diversity team representative



Corporation of the Year, Southern California Minority Supplier Development Council's Leadership Awards

2013 OUTREACH EVENTS

- ▶ American Indian Chamber of Commerce Awards
- ▶ American Indian Chamber of Commerce Business Expo – Rancho Mirage
- ▶ American Indian Chamber of Commerce Native American Heritage Month Luncheon with Warrior Awards
- ▶ American Indian Chamber of Commerce – Pitch Your Perfect Pitch
- ▶ American Indian Chamber of Commerce EXPO
- ▶ American Indian Chambers Annual June Recognition Luncheon
- ▶ Asian Business Association – Los Angeles Annual Award Banquet
- ▶ Asian Business Association – Los Angeles Makeover: Business Edition
- ▶ Asian Business Association – Orange County Procurement Conference
- ▶ Asian Business Association – Orange County Small Business Development Day
- ▶ Asian Pacific Islander Small Business Annual Expo
- ▶ Black Business Association Annual Awards
- ▶ Black Business Association Salute to Black Women Event
- ▶ Black Business Association Utilities Procurement Exchange Summit
- ▶ CalAsian Chamber of Commerce – California Asian Business Summit
- ▶ California Alliance DVBE – California Disabled Veteran Business Enterprises Conference – Keeping the Promise
- ▶ California Black Chamber of Commerce Annual Legislative Reception
- ▶ California Black Chamber of Commerce Annual Ron Brown Summit
- ▶ California Disabled Veteran Business Alliance – Veteran’s Breakfast with the Stars
- ▶ California Disabled Veteran Business Enterprises Conference – San Diego
- ▶ California Hispanic Chamber of Commerce Annual Convention and Business Expo
- ▶ California Hispanic Chamber of Commerce Inland Empire Summer Procurement Expo
- ▶ California Hispanic Chamber of Commerce Legislative Conference
- ▶ Chinese American Construction Professionals Installation Dinner
- ▶ California Utilities Diversity Council Diverse Advertising and Media Outreach Forum
- ▶ Community Lawyers, Inc. – Justice Jam
- ▶ CPUC En Banc Hearing
- ▶ CPUC Small Business Expo – Bakersfield
- ▶ CPUC Small Business Expo – Salinas
- ▶ Elite Service Disabled Veteran Owned Business Network Enterprises Conference
- ▶ Elite Service Disabled Veteran Owned Business Network National Convention of Service Disabled Veteran Owned Businesses
- ▶ Elite Service Disabled Veteran Owned Business Network Los Angeles – Turning Contacts into Contracts Conference
- ▶ Greater Los Angeles African American Chamber of Commerce Annual Awards
- ▶ Greenlining Institute Academy Graduation and Reception
- ▶ Greenlining Institute's 2013 Expanding Supplier Diversity: An Economic Engine for Growth
- ▶ Inland Empire Procurement Expo – San Bernardino
- ▶ Latin Business Association Annual Awards
- ▶ Latin Business Association Multicultural Event
- ▶ Latin Business Association Women's Conference
- ▶ Metropolitan Water District and Member Agencies – Connect 2 MET



President and CEO Dennis Arriola at Greenlining Institute's 2013 Expanding Supplier Diversity: An Economic Engine for Growth

2013 OUTREACH EVENTS *(continued)*

- ▶ Moreno Valley Black Chamber of Commerce Annual Awards and Installation Banquet
- ▶ National 8A Association Conference
- ▶ National Asian American Coalition Annual Economic Development and Empowerment Conference
- ▶ National Association of Minority Contractors' Southern California Region Annual Awards Dinner
- ▶ National Association of Women Business Owners Awards Luncheon
- ▶ National Association of Women Business Owners Conference and Public Policy Summit
- ▶ National Association of Women Business Owners – Women of Influence Workshop
- ▶ National Center for American Indians – Reservation Economic Summit
- ▶ National Latina Women Business Awards
- ▶ National Elite Service Disabled Veteran Owned Business Conference
- ▶ National Minority Supplier Development Council Annual Conference
- ▶ National Minority Supplier Development Council Minority Business Leadership Award
- ▶ Orange County Hispanic Chamber of Commerce Matchmaking Event
- ▶ Orange County Transportation Authority Annual Business EXPO
- ▶ Recycling Black Dollars Positive Side Awards
- ▶ Regional Black Chamber of Commerce San Fernando Valley Turn Contacts into Contracts
- ▶ Riverside Community College District Procurement and Assistance Center Annual Veterans Economic and Business Development Summit
- ▶ Riverside Hispanic Chamber Procurement Expo



- ▶ Sempra Energy Annual Supplier Diversity Champions Awards Luncheon
- ▶ SoCalGas Pipeline Safety Enhancement Plan Supplier Diversity Business Presentation Forum
- ▶ SoCalGas Pipeline Safety Enhancement Plan Overview for Pipeline Construction Companies
- ▶ SoCalGas Pipeline Safety Enhancement Plan Special Briefing to Business Leaders
- ▶ SoCalGas Supplier Diversity and Gas Acquisition Business Mixer
- ▶ SoCalGas USC Tier 2 Graduate Meet and Greet
- ▶ Southern California Minority Supplier Development Council Leadership Excellence Awards
- ▶ Southern California Minority Supplier Development Council MBE 2 MBE Open House
- ▶ Southern California Minority Supplier Development Council Minority Business Opportunity Day
- ▶ Southern California Minority Supplier Development Council Supplier of the Year Awards Luncheon
- ▶ U.S. Chamber/Latino Coalition Small Business Summit
- ▶ U.S. Hispanic Chamber of Commerce Annual Convention and Business Expo
- ▶ Utility Marketplace Access Partnership/ National Utilities Diversity Council Conferences
- ▶ Western Region Energy Policy Summit
- ▶ Women's Business Enterprises National Council Convention
- ▶ Women's Business Enterprises National Council – West Annual Conference

9.1.2 Summary Of Purchases/Contracts

In 2013, SoCalGas had a total number of 609 diverse suppliers, with 382 of those firms as prime suppliers. We are unable to provide 2013 information on the number of WMDVBEs that have the majority of their workforce in California. Please refer to Chart Addendums A1-A7 starting on page 43.

9.1.3 Program Expenses

Expense Category	2013 Expenses In thousands
Wages	\$415
Other Employee Expenses	-
Program Expenses ¹	\$639
Reporting Expenses ²	-
Training Expenses	-
Consultants ³	\$307
Other	-
Total	\$1,361

¹Includes reporting and other employee expenses

²Included in Program Expenses

³Includes IT costs

SoCalGas' supplier diversity program expenses for 2013 include CPUC Supplier Clearinghouse program costs, technical assistance, capacity building events, office support services and other expenses.

9.1.4 Goal Progress

SoCalGas had another record-breaking year in most areas of supplier diversity.

- ▶ Purchases with minority business enterprises (MBEs) totaled \$292.4 million, up from \$226 million in 2012. This is the 14th consecutive year we exceeded our 15 percent goal.
- ▶ For the 25th consecutive year, we exceeded our goal with woman business enterprises (WBEs), totaling \$116.4 million, up from \$108 million in 2012. This area represented 12.3 percent of all procurement and services purchased by SoCalGas in 2013.
- ▶ Spending with SDVBEs totaled \$19.7 million, compared to \$15 million in 2012, representing 2.1 percent of total procurement and surpassing the CPUC's target goal of 1.5 percent for the fourth straight year. Increasing purchases with this group remained a priority. We continued to work with business and community organizations to identify SDVBEs and alert internal departments and

procurement staff to include veteran businesses in bid opportunities in such areas as facilities, information technology (IT) and pipeline safety enhancement projects.

- ▶ We added 120 new diverse prime contractors, totaling more than \$38 million in new spend from areas including facilities, energy efficiency, legal, consulting, IT and construction.

The table below illustrates CPUC goals and our corresponding results:

Category	SoCalGas 2013 Results	CPUC 2013 Goals
Minority Business Enterprise (MBE)	31.0%	15.0%
Women Business Enterprise (WBE)	12.3%	5.0%
Service-Disabled Veteran-Business Enterprises (DVBE)	2.1%	1.5%
Total WMDVBE	45.4%	21.5%

9.1.5 Subcontractors

2013 SoCalGas	Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women, Minority Business Enterprise (WMBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Total WMDVBE
Direct \$	\$152,288,779	\$87,703,952	\$239,992,731	\$89,788,065	\$329,780,796	\$13,741,658	\$343,522,453
Subcontracting \$	\$34,538,480	\$17,864,799	\$52,403,278	\$26,592,465	\$78,995,743	\$5,994,038	\$84,989,781
Total \$	\$186,827,259	\$105,568,751	\$292,396,009	\$116,380,530	\$408,776,539	\$19,735,696	\$248,512,235
Direct %	16.13%	9.29%	25.42%	9.51%	34.93%	1.46%	36.38%
Subcontracting %	3.66%	1.89%	5.55%	2.82%	8.37%	0.63%	9.00%
Total %	19.79%	11.18%	30.97%	12.33%	43.29%	2.09%	45.38%
Percentages may not equal total due to rounding							
Total Procurement	\$831,442,383						

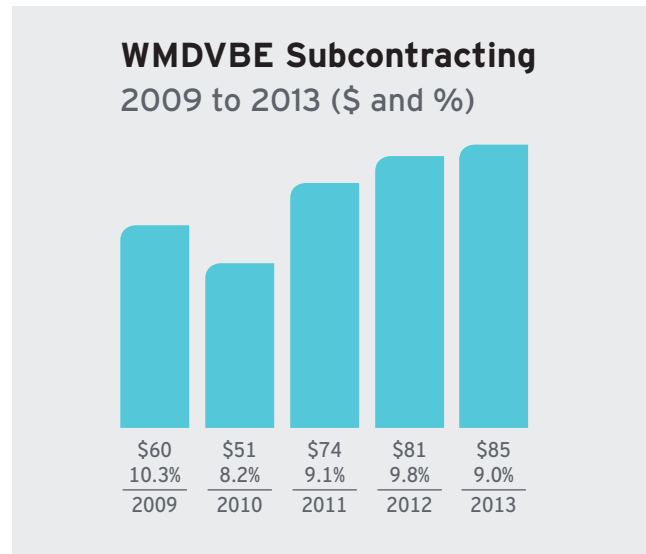
A key priority is to increase spending with diverse subcontractors. That's why we require commitments with all our large prime suppliers to subcontract at least 35 percent to diverse businesses. We strongly emphasize including diverse suppliers for subcontracting opportunities as part of our criteria for awarding contracts in the RFP process.

We have made it clear that adherence to the WMDVBE subcontracting plan is critical and failure to comply could result in the same non-performance consequences as other key contract terms and conditions.

In 2013, we actively worked with prime suppliers to increase the use of diverse subcontractors.

Our activities included:

- ▶ Revising standard contract language to include diverse suppliers
- ▶ Holding prime suppliers responsible for reporting monthly subcontracting results
- ▶ Aggressively auditing prime contractors diverse subcontracting spending to ensure proper reporting



Throughout the year, as part of our Supplier Relationship Management Program, we held quarterly strategy meetings with many of our largest prime suppliers. We monitored their subcontracting commitments and other key performance indicators to ensure they were meeting their goals. When needed, we assisted them in developing partnerships with diverse firms.

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Building trust, adding value for larger contracts

Shortly after starting her sourcing and supply company in 2006, Agile Sourcing Partners, **Maria Thompson** landed a couple of small contracts with SoCalGas to supply gas fittings, pipes and instrumentation materials. "We got our foot in the door, built trust and showed we can add value," she says.

Less than five years later, the Hispanic- and woman-owned firm won a major contract for the advanced meter project, the largest capital project in SoCalGas' history. It centers on retrofitting and replacing about 6 million natural gas meters with a wireless communications device by 2017. Agile serves as the warehouse hub.

"With the advanced meter project, business has grown tremendously," says Thompson, noting Agile is providing warehousing, kitting, logistics, assembly and procurement and has custodial responsibilities of project supplies at its Corona warehouse.

Besides the increased revenues, SoCalGas has provided Agile with technical assistance, sponsoring Thompson in UCLA Anderson School of Management's Management Development for Entrepreneurs.

In addition, she has learned the importance of supplier diversity in her own company's operations. Agile subcontracts with other diverse suppliers, providing them with mentoring and training support. She utilizes several databases and her active business network to identify diverse subcontractors. She also reports diverse vendor subcontracting spend to SoCalGas.

"We use diverse suppliers for freight, marketing, local fabrication, insurance, and painting – you name it," she adds. "We weave supplier diversity in our operations. We want great partners... it makes all of us step up our game."



Our 2013 results show these efforts are working. Approximately nine percent of SoCalGas' total procurement was achieved through subcontracting with diverse suppliers, reaching \$84.9 million.

An added bonus of our subcontracting activities – several of our prime suppliers have started their own supplier diversity programs after realizing the value and benefits of hiring diverse firms. Many have also created mentoring programs and some of these subcontractors have become prime suppliers, allowing them to advance their businesses and reach new heights.

Here's a highlight of our internal and external activities to expand opportunities for diverse subcontractors:

Internal Activities

- ▶ Developed business plans for each portfolio and line of business (with senior executive input)
- ▶ Participated in strategic sourcing activities and pre-bidder conferences to promote diverse supplier inclusion
- ▶ Monitored prime contractor diverse supplier commitments to ensure compliance
- ▶ Created executive and manager strategy teams to focus on and promote supplier diversity efforts which raised manager expectations and developed stretch goals in emerging areas
- ▶ Circulated information on the skills, capabilities and project history of highly qualified diverse companies to internal clients
- ▶ Conducted follow-up meetings with procurement agents on contracts to determine subcontracting opportunities
- ▶ Conducted supplier site visits
- ▶ Made supplier diversity subcontracting plans part of the standard contract language
- ▶ Regularly marketed the subcontracting program to SoCalGas departments

- ▶ Promoted the use of diverse subcontractors through informational meetings
- ▶ Continued to utilize detailed implementation strategies for both procurement agents and Supplier Diversity team to ensure diverse supplier participation throughout the contracting process
- ▶ Provided monthly updates of subcontracting results to Procurement and SoCalGas key stakeholders
- ▶ Worked closely with Procurement staff on providing subcontracting objectives and expectations
- ▶ Utilized internal reporting tool to provide updated subcontracting data

External Activities

- ▶ Helped develop subcontracting plans for prime suppliers with low supplier diversity utilization
- ▶ Hosted Supplier Diversity Business Showcase events to provide opportunities for diverse suppliers to meet with internal decision makers as well as prime suppliers
- ▶ Conducted meetings with prime contractors with low diverse vendor utilization and SoCalGas senior management to continue reinforcement of company goals
- ▶ Attended pre-bid meetings and provided listings of diverse firms for prime suppliers' consideration for subcontracting activities
- ▶ Contacted non-verified diverse subcontractors and encouraged them to complete the verification process with the CPUC Clearinghouse
- ▶ Hosted and/or co-planned legal and financial outreach workshops for diverse businesses, thereby connecting suppliers with decision makers
- ▶ Increased supplier diversity awareness by participating with the National Association of Regulatory Utility Commissioners (NARUC), Utility Marketplace Access Partnership (UMAP) and National Utility Diversity Council (NUDC)

9.1.6 Complaints

There were no formal complaints or lawsuits filed in 2013.

9.1.7 Exclusions

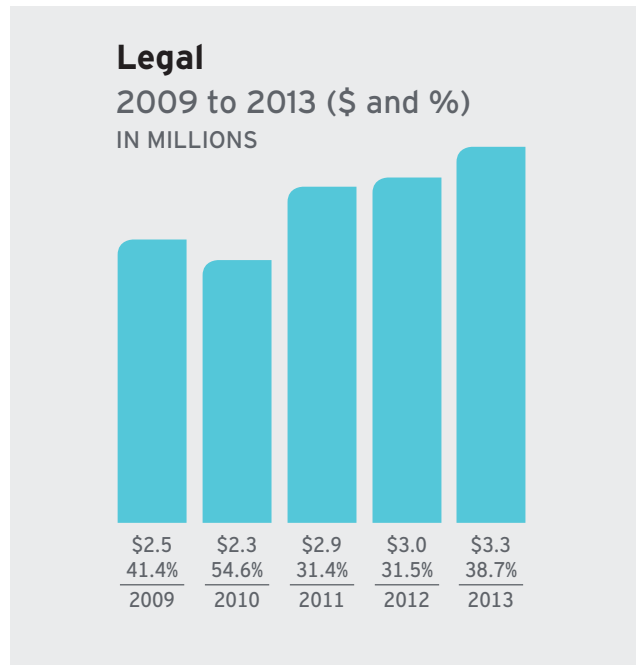
The Nov. 14, 2003 ALJ General Order 156 Ruling ended exclusions, resulting in specific categories no longer being deducted from the base procurement amount.

9.1.8 Efforts To Recruit Diverse Suppliers In Underutilized Areas

We are reaching new heights in increasing spending with diverse firms in traditionally underutilized areas, such as legal and finance. Yet, challenges remain as work in these areas require diverse suppliers to have a larger workforce, highly specialized skills and substantial financial strength.

In 2013, we continued to attend trade shows, industry conferences, workshops and other venues to increase procurement and spending in these categories. In addition, our Supplier Diversity team identified several qualified firms, provided introductions to key SoCalGas decision-makers and promoted their use internally.

Legal



SoCalGas' spend with diverse firms totaled \$3.3 million, or 38.7 percent of total spend. This compares to 2012 results of 31.5 percent. We successfully expanded WMDVBE legal opportunities despite wildfire litigation in which legal expenses represented a good portion of SoCalGas' total legal expenses.

We introduced three new diverse law firms into the legal portfolio and gave an opportunity to another firm to handle a different legal matter. We created a database of certified law firms for our attorneys to search by legal areas. We also helped two law firms obtain CPUC certification and employed diverse suppliers to provide legal services in the following areas: employment and labor law, general litigation, business litigation, intellectual property, workers' compensation and recovery claims. While most of our legal work was performed by in-house attorneys, the legal team identified opportunities for diverse law firms.

Our outreach activities included co-hosting a workshop on "How Women- and Minority-Owned Law Firms Can Take Advantage of CPUC's Supplier Diversity Program" with the Philippine American Bar Association. We shared the benefits of obtaining CPUC certification and provided an overview of General Order 156 on diversity in the legal profession.

In addition, our attorneys hold active memberships with diverse bar associations and serve on boards such as the Asian Americans Advancing Justice, Inner City Law Center and Asian American Professional Association. They perform pro bono services for nonprofit organizations like the Trevor Project, which provides crisis intervention and suicide prevention support services to lesbian, gay, bisexual and transgender, and others.

SoCalGas' General Counsel and attorneys also met with emerging diverse law firms for future opportunities. In addition, our parent company, Sempra Energy, continued its involvement with the National Association of Minority and Women-

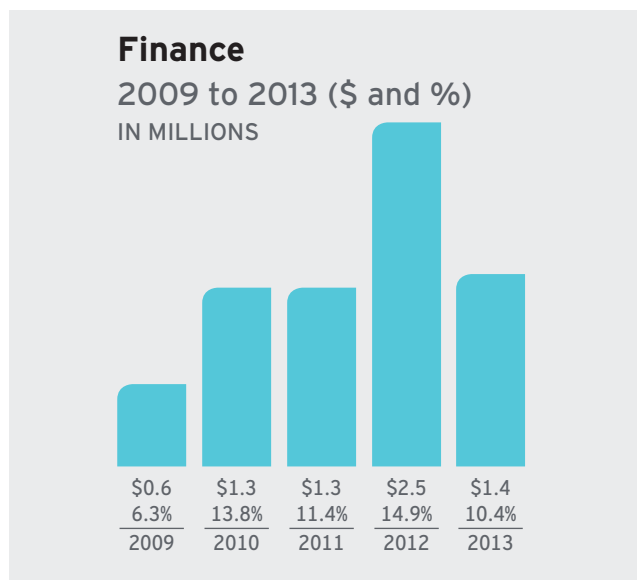
Owned Legal Firms and Corporate Minority Counsel Program Corporate Connections.

Working with the former group, we set an annual goal for diverse legal spend and report quarterly results based on WMDVBE spend for both SoCalGas and SDG&E. Our work with the latter group involved connecting corporations and public agencies' outside and in-house counsels with diverse legal firms for future business opportunities.

When using a majority-owned legal firm, we continued to request a woman, minority or service-disabled veteran associate or partner for each new matter. We also asked the large legal firms to track and report the amount of work provided by these attorneys.

The following charts illustrate the use of diverse lawyers and paralegals at majority firms retained by SoCalGas' Legal department.

Finance, Insurance and Consulting Services



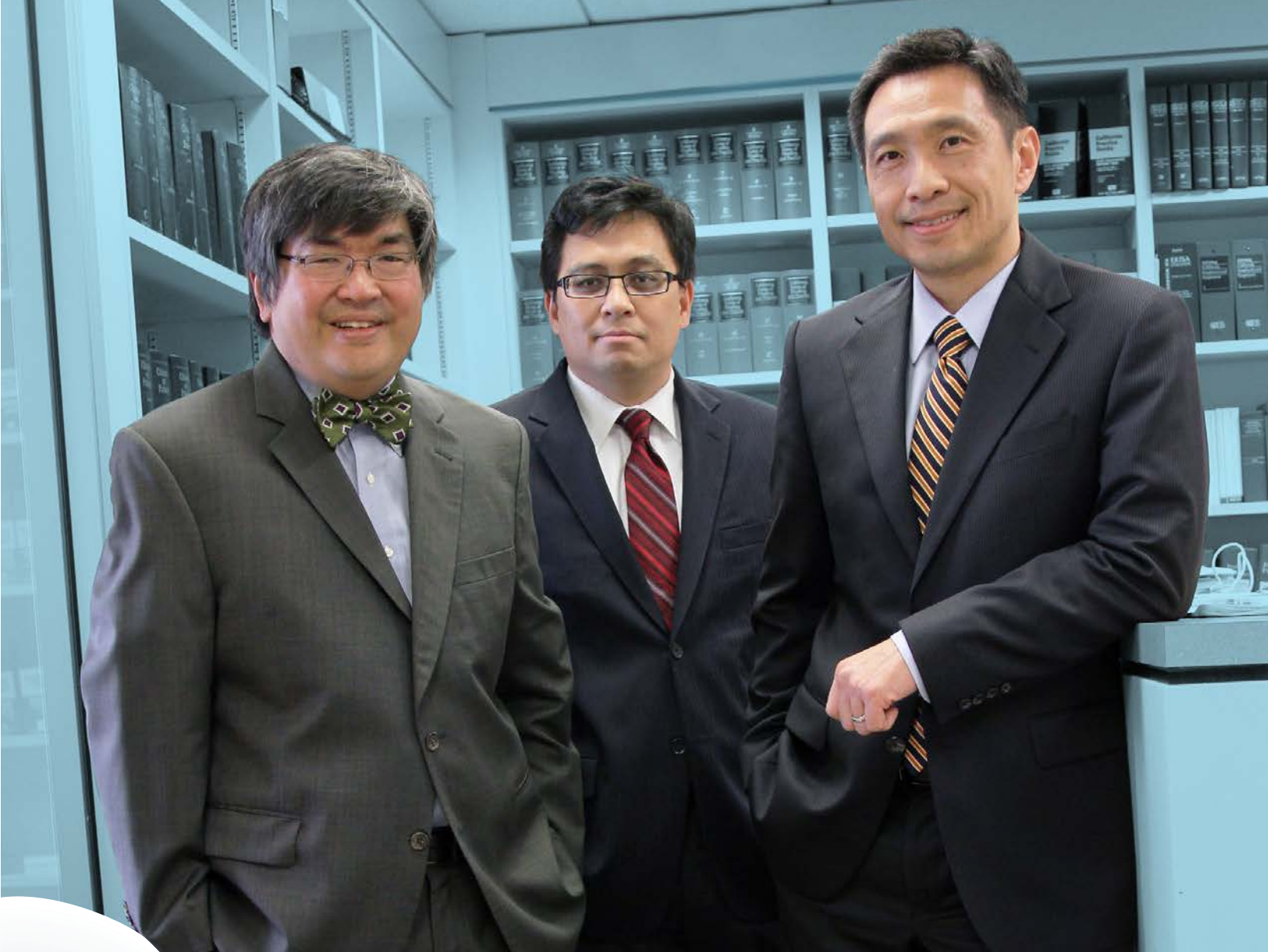
In 2013, we focused efforts on expanding our diverse financial supplier base. While our long-term procurement trends in Financial Services were favorable in 2012, we faced variation in percentage success due to the decline in spending with all vendors and lack of our activity in the debt market.

Diverse Attorney Work Within Majority Law Firms		Total (\$)
Minority Men	Asian Pacific American	\$467,272
	African American	\$2,800
	Hispanic American	\$248,895
	Native American	\$0
	Other	\$135,059
	Total Minority Men	\$854,026
Minority Women	Asian Pacific American	\$39,371
	African American	\$12,048
	Hispanic American	\$28,328
	Native American	\$0
	Other	\$49,150
	Total Minority Women	\$128,897
Total Minority		\$982,923
Women Business Enterprises (WBE)		\$1,110,170
Non Minority Men		\$2,912,533
Service Disabled Veteran Business Enterprises (SDVBE)		\$0
Grand Total, All Minority/Non-Minority		\$5,005,626

Note: Figures are estimated

Diverse Paralegal Work Within Majority Law Firms		Total (\$)
Minority Men	Asian Pacific American	\$820
	African American	\$0
	Hispanic American	\$10,806
	Native American	\$0
	Other	\$134,799
	Total Minority Men	\$146,425
Minority Women	Asian Pacific American	\$450
	African American	\$0
	Hispanic American	\$15,616
	Native American	\$0
	Other	\$0
	Total Minority Women	\$16,066
Total Minority		\$162,491
Women Business Enterprises (WBE)		\$219,468
Non Minority Men		\$38,038
Service Disabled Veteran Business Enterprises (SDVBE)		\$0
Grand Total, All Minority/Non-Minority		\$419,997

Note: Figures are estimated



Obtaining winning verdicts and favorable resolutions

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Since 2007, SoCalGas has turned to **Willenken, Wilson, Loh & Delgado** when faced with complex business litigation matters. The law firm's work for SoCalGas has ranged from patent infringement and personal injury to ground remediation cases, obtaining winning verdicts and favorable case resolutions along the way.

The minority-owned, Los Angeles-based firm began providing legal services to the utility after Jason Wilson, a partner, attended a reception hosted by SoCalGas and other utilities, where they expressed a desire to do more business

with diverse law firms. Wilson stayed in touch with SoCalGas' Law Department and was soon approached about taking on a patent infringement case. The firm obtained a favorable settlement and other cases followed.

"The most important thing that a corporation can do is to be generous with their time. The Gas Company has been extraordinary in that regard. I would view our work as an extension of SoCalGas' Law Department; we work in close cooperation with them," Wilson says.

He notes that a good amount of the firm's work comes through supplier diversity programs but with SoCalGas, "I never get the feeling that they are compromising quality because they're reaching out to diverse suppliers. While they used supplier diversity to reach out and find us, they've allowed our relationship to expand based on our excellence in service so it feels like our relationship is no different than a majority law firm."

He adds, "They want lawyers to do great work. We've proven that we can do quality work."

Despite this, we continued to identify opportunities across a wide array of key financial services, including pension and trust investments, investment banking, insurance and bonding services, cash management and cost management services.

Pension and Trust Investments

We use four diverse security brokers to execute trading activity for the SoCalGas pension fund. In addition, we utilize a diverse accounting firm to perform audits of our pensions.

Throughout the year, the pension staff identified diverse investment managers and conducted research on their characteristics, trading resources and investment acumen.

Investment Banking

In 2013, SoCalGas did not issue any corporate bonds. Therefore, we did not utilize any diverse-owned or majority-owned firms in this large expenditure area. As a result, we have zero dollars to report.

Insurance and Bonding Services

SoCalGas made progress in insurance and bonding services by maintaining business relationships with the various diverse suppliers who assisted us with obtaining insurance and surety bonds.

In 2013, through a competitive bid process, SoCalGas selected a majority-owned firm to provide Owner Controlled Insurance Program (OCIP) brokerage services, safety and claims management and other services. SoCalGas secured significant diverse vendor subcontracting commitment with this majority-owned firm. In addition, the contract executed with this majority firm outlined the scope of work performed by three diverse firms in the following areas: OCIP support services, certificate compliance, enrollment and reporting.

Cash Management

The Community Bank Deposit Program continued to be a focus for expanding opportunities. The program was established to provide another approach to



servicing the minority supplier base community. Although no funds were deposited in 2013, our team performed financial due diligence and requirements for two minority-owned banks for likely opportunities in 2014. These banks are committed to giving back to the underserved community through lending, education and banking services.

Cost Management Services

Our relationships continued to grow with two diverse firms that provide cost management services. Both companies were instrumental in helping us increase efficiencies and reduce costs.

Outreach

We continued to focus activities on expanding our diverse supplier base and reaching new heights in the financial area. Our executives, finance directors and managers frequently met with diverse financial firms to discuss business opportunities. In these meetings, high capacity suppliers were invited to share their capabilities in investment banking, auditing, insurance, bonding and other areas.

10.1.1 Goals

SoCalGas has a number of capital infrastructure projects and initiatives to improve pipeline safety and customer service and enhance operational efficiencies. The use of diverse businesses represents an important part of this work. In 2014, diverse suppliers will be involved in the following ways:

Advanced Meter Project

SoCalGas' Advanced Meter project involves retrofitting about 6 million natural gas meters with wireless communications modules. It will enhance operational efficiencies, customer service, safety and energy conservation, while achieving a significant diverse supplier spend during the life of the project through 2017.

In 2013, the project met and exceeded our internal goal with diverse suppliers in such areas as printing, kitting, fulfillment, warehousing, consulting, staffing and IT support services. For 2014, diverse suppliers will be involved in the following areas: technology, hardware, logistics, warehousing, inventory management and distribution, community outreach, data management and security, construction and more.

Pipeline Safety Enhancement Plan (PSEP)

PSEP is the largest natural gas pipeline testing and replacement plan in SoCalGas' history. As ordered by the CPUC, all natural gas pipelines in our transmission system that have not already been tested, or do not have adequate records of a strength test, will be tested or replaced. We have proposed to upgrade, replace or add about 480 valves with remote control capability, which will increase operational flexibility and enable employees to respond more quickly to anomalies in transmission pipelines.

The plan has four overarching objectives: enhance public safety, comply with CPUC requirements, minimize impacts on our customers and make infrastructure investments as cost effective as

possible. Our plan was submitted to the CPUC in August 2011. As we await the commission's decision, we have been authorized to establish a memorandum account to cover PSEP implementation costs as well as costs associated with interim safety measures.

For PSEP, we are committed to achieving a 35 percent spending target with diverse suppliers over the life of this project. And, we are currently meeting our WMDVBE target goal. We have developed a plan that addresses PSEP opportunities in the following areas: pipeline construction, pipeline auxiliary services, material procurement, engineering and project management services, environmental services and insurance.

To reach potential suppliers, SoCalGas organized several events, including a special briefing to business and community leaders, business showcase session, webinars, and made presentations at business and community gatherings. We also launched a supplier interest portal on SoCalGas' website for businesses interested in potential PSEP business opportunities.

So far, we have hired diverse firms to provide product and services in the areas of construction, engineering and design, records review, environmental services, materials, staff augmentation, surveying, mapping, inspection and other support services.

We are committed to identifying potential opportunities for diverse suppliers and working with business and community partners to find firms that have the capacity and skills. We understand that some diverse firms may find it challenging to meet the demands of a large-scale project like PSEP, and there could be challenges in fulfilling the necessary bonding, insurance and financial requirements. PSEP is committed to working with suppliers and providing them with necessary mentoring and technical assistance so they are familiar with the company's bid process and requirements.

Expanding Our Supplier Base

SoCalGas will continue to attract, develop and utilize diverse suppliers by:

- ▶ Breaking apart large contracts; matching best diverse suppliers to segments of work; encouraging primes to target subcontracting at 35 percent or more
- ▶ Mentoring diverse firms on company culture and expectations; hosting mixers for diverse firms with utility decision makers and primes
- ▶ Encouraging prime and diverse suppliers to work together; leveraging small business agility with deeper resources of larger partners, who can help with bonding or accessing financing options

We will continue to collaborate with business industry associations and prime contractors that support doing business with and encourage economic development of diverse suppliers and contractors. One of our program goals is to develop suppliers by promoting partnerships and encouraging prime suppliers to mentor diverse businesses.

WMDVBE Subcontracting

Increasing procurement opportunities with diverse subcontractors will continue to be a key area for our supplier diversity efforts. Plans for 2014 include enhancing WMDVBE subcontracting reporting with our prime suppliers and moving toward a fully automated process.

SCORE

In 2014, we will continue to expand spend with current SCORE contractors and provide opportunities for new smaller contractors through the program.

Our plans will focus on ensuring current contractors are successful. SCORE will also partner with new and existing smaller PSEP contractors to provide mentoring and development. An enhanced plan to ensure regular and open communication has been adopted and is expected to help SCORE reach new heights in 2014.

Short-Term Goals

Efforts in 2014 will include the following:

Development and Technical Assistance

- ▶ Market our technical assistance so suppliers can take advantage of workshops and education programs that support their growth
- ▶ Promote our Tier I technical assistance program, Supplier Diversity Institute, to provide business learning opportunities for small diverse suppliers
- ▶ Continue to support the Tier III technical assistance program in partnership with UCLA's ATMI, providing opportunity for entry in the emerging technology field
- ▶ Help diverse firms obtain certification through the CPUC Supplier Clearinghouse
- ▶ Find solutions that will increase diverse business participation
- ▶ Continue to improve WMDVBE content in strategic sourcing efforts
- ▶ Identify areas in new and emerging technologies where potential diverse firms can be developed
- ▶ Continue to scan the marketplace, partner with and develop high-potential suppliers in low-utilization categories, such as legal, financial, consulting and insurance services

Partnerships

- ▶ Develop alliances with community-based and economic development organizations to leverage small business growth
- ▶ Market diverse suppliers to internal and external organizations
- ▶ Partner with external organizations that provide mentor/protégé opportunities

Targeted Outreach

- ▶ Identify opportunities to increase purchases with SDVBEs
- ▶ Participate in matchmaking events and focus on potential suppliers for capital projects
- ▶ Seek SDVBEs and others in historically underrepresented categories

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With SoCalGas' support, staffing company goes for the gold

Jan Davis first learned about SoCalGas' supplier diversity efforts after the utility encouraged her to obtain minority- and woman-owned certification for her staffing company, SuperbTech Inc. "That's when the world opened up about supplier diversity," she says.

Thirteen years later, the relationship between SoCalGas and SuperbTech remains strong, with the African American- and woman-owned company providing contract technical staffing, including engineers and designers, on a wide array of utility projects.

SuperbTech initially started with the utility as a prime supplier but now works as a subcontractor through its vendor management company, Agile 1. Today, the utility remains one of SuperbTech's largest customers. "Our company has skyrocketed as a result of having SoCalGas as a client. Servicing a major utility is a testament that you have the capacity to perform, excel and attract other large entities," Davis says.

Over the years, SoCalGas has sponsored Davis in several technical assistance programs through its partnerships with USC, Northwestern University and others to help her develop new skills and become more successful. "The workshops, seminars and mentoring by SoCalGas are never-ending," she adds. "I'm always floored by their generosity."

The utility nominated SuperbTech for Southern California Minority Supplier Development Council's Supplier of the Year awards in 2004 and 2007 (and won the award in 2007) as well as the Women's Business Enterprise Council-West's 2011 Women's Business Enterprise Advocate of the Year award.

"SoCalGas continues to support, awe and inspire me to excel and go for the gold in business," she adds.



Mid- and Long-Term Goals

- ▶ Create strategic relationships and develop diverse firms in low-use categories, such as legal, financial and insurance services
- ▶ Increase use of smaller pipeline construction suppliers
- ▶ Increase WMDVBE participation in long-term sourcing projects
- ▶ Recognize at least one prime contractor and diverse subcontractor for outstanding contract performance
- ▶ Target high potential SDVBEs for opportunities in areas such as energy efficiency, solar roofing, environmental services, engineering, facilities and construction
- ▶ Support capacity building initiatives in areas of low WMDVBE utilization
- ▶ Create an environment of continuous improvement for technical assistance and capacity-building programs

WMDVBE Annual Short-, Mid-, and Long-Term Goals by Product and Service Categories by Percentage of Spend

PRODUCTS

Short-Term (2014)					Mid-Term (2016)					Long-Term (2018)				
Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)
Men	Women				Men	Women				Men	Women			
13.00	2.00	15.00	5.00	1.50	13.00	2.00	15.00	5.00	1.50	13.00	2.00	15.00	5.00	1.50

SERVICES

Short-Term (2014)					Mid-Term (2016)					Long-Term (2018)				
Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)
Men	Women				Men	Women				Men	Women			
13.0	2.0	15.0	5.0	1.5	13.0	2.0	15.0	5.0	1.5	13.0	2.0	15.0	5.0	1.5

PRODUCTS AND SERVICES TOTAL

Short-Term (2014)					Mid-Term (2016)					Long-Term (2018)				
13.00	2.00	15.00	5.00	1.50	13.00	2.00	15.00	5.00	1.50	13.00	2.00	15.00	5.00	1.50
21.5					21.5					21.5				

SoCalGas' supplier diversity corporate goal is to meet the requirements of General Order 156. Our focus is to maintain our supplier diversity target at 35 percent while concentrating on developing even stronger partnerships, outreach and diverse supplier base.

In addition, SoCalGas will strive to exceed the following short-, mid-, and long-term goals:

Short-Term	Mid-Term	Long-Term
35%	35%	35%

Note: the 35 percent goal listed above is not the ceiling as we always strive to do better.

10.1.2 Planned Activities

Internal Activities

To advance supplier diversity in 2014, the Supplier Diversity team will continue to:

- ▶ Implement the Supplier Diversity Strategic Plan for PSEP-related work
- ▶ Review new and emerging technology opportunities
- ▶ Assign Supplier Diversity team members to work with procurement portfolio managers and their teams to address contract opportunities
- ▶ Strengthen internal business unit relationships to provide top-notch diverse firms where needed
- ▶ Recognize employees who contribute to the success of SoCalGas' supplier diversity results
- ▶ Create opportunities to bring diverse firms and SoCalGas decision-makers together at networking events
- ▶ Enhance subcontracting efforts by promoting greater use of the online subcontracting reporting system database
- ▶ Mentor and develop diverse firms in the financial, legal, consulting and insurance areas and promote their use within SoCalGas
- ▶ Participate in SoCalGas' Procurement group's strategic sourcing initiatives
- ▶ Present supplier diversity results and visit business unit vice presidents and key stakeholders on a regular basis
- ▶ Provide training for those with procurement responsibility on diverse supplier reporting and database capabilities
- ▶ Work with business associations to identify potential diverse suppliers for use in low-utilization categories
- ▶ Work with Procurement and internal clients to address any subcontracting issues with prime contractors
- ▶ Employ internal communication vehicles, including online newsletter, quarterly magazine and employee meetings, to educate and inform employees on supplier diversity strategy and activities

External Activities

SoCalGas will work with professional, business and economic development organizations to help meet our supplier diversity goals. Specifically, we will:

- ▶ Identify SCORE opportunities for small diverse suppliers
- ▶ Support the development of a capacity-building program where diverse firms can be groomed for larger contracts
- ▶ Provide opportunities through Supplier Diversity Business Showcase events
- ▶ Attend and support SDVBE events and build relationships that will result in identifying SDVBEs that can provide products and services to SoCalGas
- ▶ Explore other potential relationships in which high-capacity diverse firms can be recruited and developed in new and emerging areas
- ▶ Invest in supplier development programs with universities and other entities
- ▶ Invite high potential diverse suppliers to conferences to increase their awareness of opportunities
- ▶ Promote our supplier diversity activities in local and national publications and WMDVBE directories
- ▶ Work with key organizations to identify and develop diverse suppliers in areas of low utilization, such as legal, financial, consulting and insurance services
- ▶ Partner with professional, business and economic development organizations to create events that target areas of low utilization
- ▶ We will continue to work with local and ethnic-owned media to ensure we are reaching our diverse customer base in the most efficient and effective way possible

10.1.3 Recruitment Plans For Low WMDVBE Utilization

To increase opportunities in areas with low WMDVBE utilization, we plan to:

- ▶ Conduct meetings with top prime suppliers to increase their subcontracting performance
- ▶ Contact diverse suppliers who are not currently certified and encourage them to seek verification
- ▶ Target high potential SDVBEs for opportunities
- ▶ Foster strategic relationships with diverse firms positioned to secure contracts in emerging areas such as legal, financial and insurance services
- ▶ Include supplier diversity information in employee communication mediums
- ▶ Invite company procurement agents and key decision makers to attend networking workshops with potential diverse contractors and subcontractors
- ▶ Participate in planning and pre-bid meetings to ensure diverse supplier participation
- ▶ Provide monthly WMDVBE results to procurement agents, procurement management and division leaders

Legal

Our efforts will continue to identify and expand new opportunities for diverse legal firms. We plan to participate in outreach activities and engage bar associations and legal organizations that promote diversity. Please refer to the legal section under 9.1.8 Efforts to Recruit Diverse Suppliers in Underutilized Areas.

10.1.4 Exclusions

SoCalGas has eliminated all excludable items in compliance with the recent modifications made to General Order 156.

Finance, Insurance and Consulting Services

Increasing opportunities for diverse suppliers in the finance, insurance and consulting services area will remain a high priority at SoCalGas. We will continue to have executives, finance directors and managers actively involved in outreach activities, including financial forums and internal meetings with high-capacity diverse firms.

Our plans for 2014 include:

- ▶ Investing in minority area-focused community finance development institutions
- ▶ Identifying and meeting with high potential diverse insurance and benefits service providers and introducing them to prime contractors
- ▶ Identifying and utilizing high potential diverse firms to manage pension and specialty funds
- ▶ Identifying and engaging qualified diverse auditing firms for employee benefit and other specialty audits
- ▶ Searching for specific subcontracting opportunities for inclusion with majority-owned banking and financing institutions



reaching
NEW
heights

A sales pitch turns into significant growth

SoCalGas selected **Greg Gates** to participate in its development and technical assistance initiative, known as SCORE. Impressed with his potential to be a viable SoCalGas supplier, the company selected Gates to participate in a Supplier Diversity Showcase, where he made a sales pitch on his construction equipment rental and leasing business to SoCalGas prime suppliers and project managers. Shortly thereafter, his firm, GDM, was hired as a subcontractor by one of the utility's prime contractors.

Today, the African American-owned company based in Chino has a multiyear, multimillion dollar contract as a SoCalGas subcontractor. "My staff has doubled because of SoCalGas," Gates says, adding he has hired 20 employees, including engineers and technical staff. "We're looking to have our business grow by more than 100 percent next year."

Gates partnered with this contractor in the past, but work with the firm accelerated since SoCalGas' Supplier Diversity Business Showcase in 2012. The showcase provided diverse companies the opportunity to make presentations to prime suppliers with the goal of creating partnerships with each other.

Gates takes advantage of other resources provided by the utility, attending SCORE workshops on strategic planning, social networking and financial management. "The strategic planning workshop helped me target other customers and refine my products and services."

He adds, "Supplier diversity programs are critical to GDM's success. We very much appreciate the work and emphasis SoCalGas has given to their primes to allow small companies like GDM to be in this market. The primes want to see GDM be successful – it's amazing. It makes things very hopeful for us."

10.1.5 Subcontracting Plans

Our plans to increase diverse subcontracting opportunities include:

- ▶ Conducting follow-up meetings with procurement agents on contracts with no existing subcontracting plans
- ▶ Utilizing an internal reporting tool to identify subcontracting opportunities
- ▶ Partnering with Procurement to create a contractor's checklist and manage diverse vendor subcontracting plans
- ▶ Developing detailed subcontracting plans for each portfolio/line of business where none exist
- ▶ Requiring prime contractors to have robust subcontracting plans and educating them on the advantages of subcontracting with diverse suppliers
- ▶ Conducting meetings with top prime suppliers to increase their subcontracting performance
- ▶ Contacting diverse subcontractors who are not currently verified and encouraging them to seek certification
- ▶ Ensuring that RFPs and final contracts contain diverse vendor subcontracting plans
- ▶ Inviting prime contractors to attend networking workshops with potential diverse subcontractors as well as company procurement agents and key decision-makers
- ▶ Monitoring and enforcing diverse vendor subcontracting commitments and performance
- ▶ Participating in planning and pre-bid meetings to ensure diverse supplier participation
- ▶ Providing monthly subcontracting results to procurement agents, procurement management and division leaders
- ▶ Recognizing at least one prime contractor and diverse subcontractor team for outstanding contract performance
- ▶ Pushing for improved subcontracting results, particularly in categories where results are historically low, such as gas materials
- ▶ Continuing to target and track progress of prime suppliers with low diverse vendor utilization
- ▶ Developing, implementing and monitoring diverse business sourcing plans for major capital projects
- ▶ Identifying potential diverse subcontractors for all phases of construction

10.1.6 Program Compliance

SoCalGas will continue efforts to meet or exceed all requirements established by General Order 156.

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**2013 Annual Report/2014 Annual Plan -
Fuel Procurement For Non-Generation**

We purchase natural gas under short- and long-term contracts for SoCalGas and SDG&E core customers from Canada, the U.S. Rockies and the southwestern U.S. to meet customer requirements and maintain pipeline reliability. We also purchase some California natural gas and additional supplies which are delivered directly to the state. Purchases of natural gas are primarily based on published monthly bid-week indices.

2013 Highlights

For more than two decades, SoCalGas has been focused on expanding opportunities for diverse natural gas suppliers. During this time, the Gas Acquisition team has executed more than \$3 billion in natural gas purchases with such firms.

In 2013, diverse suppliers again faced difficult market conditions and credit challenges, but the overall WMDVBE natural gas segment remained resilient. We remained focused on incorporating new diverse businesses into our supplier diversity activities and expanding procurement opportunities for existing suppliers.

In addition, our Gas Acquisition team continued to actively mentor diverse natural gas firms on our procurement process, which resulted in a first-time transaction with an SDVBE. This was SoCalGas' first contract with an SDVBE for natural gas purchases.

This major milestone and other strategic and integrated supplier diversity activities involving the Gas Acquisition and Supplier Diversity teams led to another strong performance in WMDVBE natural gas purchases. In 2013, we spent \$329 million in natural gas purchases with diverse suppliers, representing 19.3 percent of total purchases. This compares to \$210 million, or 15.2 percent, in 2012.

Our purchases included:

\$163.9M / 9.6%

from African American-owned suppliers

\$83.9M / 4.9%

from Asian Pacific American-owned suppliers

\$38.2M / 2.2%

from federally recognized tribes (sovereign nations)
and Native American-owned natural gas suppliers

\$23.9M / 1.4%

from Hispanic American-owned suppliers

\$16.0M / 0.9%

from Service Disabled Veteran-owned suppliers

\$3.7M / 0.2%

from Women-Owned suppliers

reaching
NEW
heights

Achieving strategic advantages and diversity spending goals

In December 2012, **Sylvana Coche** attended a Women's Business Enterprise Council-West (WBEC-West) event where she met SoCalGas Supplier Diversity representatives. She shared information about her woman-owned company, Gravity Pro Consulting, which provides Systems Applications and Products (SAP) licensing and services.

She was later introduced to the utility's information technology procurement manager. Six months after the initial meeting, the utility contacted Coche to express an interest in working with her to obtain SAP licensing. SoCalGas had previously dealt directly with SAP but working through Gravity Pro, the utility could achieve strategic advantages.

"We collaborated with SAP and came up with a model that everyone was happy with," says Coche, adding her San Clemente-based firm is a SAP-certified, value-added reseller and the only Women Business Enterprise National Council-certified business with gold status. "SoCalGas is one of my biggest customers so this has had an enormous impact on my business."

The utility also sponsored Coche in the UCLA Anderson School of Management's Management Development for Entrepreneurs. As a result of the program, which provides entrepreneurs with tools and skills to succeed, she's re-evaluating her company strategy, placing more focus on SAP licenses and less on services.

"The class forced me to put it all down and look at the internal and external environment and where I can make a difference and stay relevant," Coche adds. "I'm already seeing results – revenue has doubled from last year. Next year, my goal is to expand into new industries."



9.1.1 Program Activities

INTERNAL ACTIVITIES

Executive Briefings

SoCalGas executives and managers were briefed monthly on the status of WMDVBE gas purchase results. These updates kept supplier diversity activities front and center and encouraged Gas Acquisition managers to identify and engage qualified diverse firms in their purchasing activities.

Internal Partnerships

The Supplier Diversity team encouraged energy buyers to develop relationships and network with diverse suppliers during trading activities to promote their use. SoCalGas' practice of maintaining regular, coordinated contact between the Supplier Diversity and Gas Acquisition teams continued to create growth opportunities for diverse suppliers. This included arranging introductory meetings with new firms.

EXTERNAL ACTIVITIES

During the year, we participated in a number of activities to promote the use of diverse firms for natural gas purchases. These included:

- ▶ Sharing our supplier diversity business strategies with other natural gas industry executives to encourage their participation in promoting opportunities with diverse businesses.
- ▶ Organizing an outreach event to enhance and develop new relationships between major gas suppliers and diverse firms. At the event, the Gas Acquisition and Supplier Diversity teams introduced diverse suppliers to major gas suppliers for potential business opportunities.

- ▶ Encouraging other utilities, energy companies and the banking community to use the Funds Transfer Agency Agreement (FTAA) to assist diverse suppliers with credit issues. The FTAA is an outgrowth of an effort by SoCalGas, a minority supplier, and Union Bank of California to address finance issues facing minority-owned businesses. The FTAA provides qualified small diverse firms access to financing to help them consummate large commodity deals.
- ▶ Providing diverse natural gas suppliers with educational opportunities, including mentoring, training and increased access to information. SoCalGas' guidance helped these firms better understand the changing energy industry, which led to significant progress in their efforts to win contracts.
- ▶ Reaching out to federally recognized tribes and Native American-owned businesses. Through the years, our efforts have produced more than \$1 billion in natural gas purchases from tribal and Native American-owned companies.

SoCalGas has long been a leader in advancing supplier diversity in energy markets. From the late 1980s through the mid-1990s, we led the nation's first WMDVBE natural gas workshop, worked with the U.S. Department of Energy (DOE) to form a business roundtable to promote diverse firms in energy markets and worked with the DOE and a minority supplier to develop a national financing tool for diverse suppliers, which led to more than \$2 billion in transactions with diverse suppliers across the country.

Through the years, we have also worked with the CPUC and other utilities to develop and promote a national utility WMDVBE program supported by the National Association of Regulatory Utility Commissioners (NARUC).

9.1.2 Summary Of Purchases/Contracts

Fuels for Non-Generation Purchases • January 2013 - December 2013

	Dollars	Volume (Billion BTUs)
Canadian Source Gas	\$59,557,439	18,540
Total Gas Purchases	\$1,318,700,242	360,539
All Offshore Source Gas	\$329,736,515	90,249
Gas Purchases/Payments - Other Utilities	\$0	-
Net Natural Gas	\$1,707,994,196	469,328

9.1.3 Program Expenses

Program expenses are included in Section 9.1.3 Program Expenses in the 2013 Product and Services Procurement Results.

9.1.4 Goal Progress

In 2013, SoCalGas purchased 19.3 percent from diverse natural gas suppliers, totaling more than \$329 million. SoCalGas' natural gas purchases from federally recognized tribes (sovereign nations) and Native American suppliers totaled \$38.2 million; \$163.9 million was purchased from African American suppliers; \$23.9 million was purchased from Hispanic American suppliers, approximately \$83.9 million was purchased from Asian Pacific American suppliers;

\$3.7 million was purchased with woman suppliers; and \$16.0 million was purchased with SDVBEs.

As mentioned earlier, the WMDVBE segment remained resilient despite difficult market conditions and challenging credit prospects. Still, SoCalGas experienced a decline in purchases with federally recognized tribes (sovereign nations) and Native American natural gas suppliers due to a tribe's declining gas production.

9.1.5 Subcontractors

There were no subcontractor opportunities available.

9.1.6 Complaints

There were no formal WMDVBE complaints or lawsuits filed in 2013.

9.1.7 Exclusions

With the CPUC's decision to end excludable categories, SoCalGas no longer reduces the procurement base with Canadian and offshore volumes.

9.1.8 Efforts To Recruit Diverse Suppliers In Underutilized Areas

Through outreach, SoCalGas has encouraged diverse suppliers to develop relationships with domestic onshore producers as well as Canadian and other producers.

SoCalGas' quest to increase participation of diverse gas suppliers will continue to be challenging due to credit conditions that are affecting diverse firms in the wholesale energy and natural gas markets. Diverse major suppliers continue to withdraw from West Coast markets. Other major energy companies have increasingly tightened credit and supply for diverse firms, which generally have small asset bases

and even in the best conditions, would hinder credit and supply – essential elements for growth.

Our outreach and supplier development efforts will continue to support WMDVBE growth in the natural gas market. One of SoCalGas' future challenges will be finding more wholesale oil and gas producers to conduct business with diverse gas suppliers. However, we remain hopeful that our efforts and encouragement by the federal government and regulatory bodies, such as NARUC, will help sustain diverse supplier prospects and these firms will be successful in the 2014 marketplace.

9.1.9 Retention Of All Documents/Data

SoCalGas will comply with all required document retention regulations.

9.1.10A Participation Results By Fuel Category

Please refer to Chart Addendum A8 on page 48 for participation results by fuel category.

9.1.10B Market Conditions And Outreach

In today's natural gas markets, new and existing diverse firms continue to face several challenges to remain competitive. The natural gas market has seen weak volatility and low natural gas prices due to additional sources of natural gas.

Despite low natural gas prices, diverse suppliers continue to face exposure to risk which limits their ability to grow their business. Most of the major energy companies have continued to

uphold their credit policies, which have restricted the participation of diverse suppliers. To create opportunities for WMDVBEs, SoCalGas continues to encourage major energy suppliers to work with diverse suppliers utilizing an FTAA to assist with credit issues.

Please refer to 9.1.1 for information about SoCalGas' outreach activities.

10.1.1 Goals

SoCalGas will continue to work toward meeting short-, mid- and long-term goals of 21.5 percent, which also support the CPUC goal.

Category	2014 Goals	2016 Goals	2018 Goals
Minority Owned	15.0%	15.0%	15.0%
Women Owned	5.0%	5.0%	5.0%
Service Disabled Veteran Owned	1.5%	1.5%	1.5%
Total	21.5%	21.5%	21.5%

10.1.2 Planned Activities

INTERNAL ACTIVITIES

We will continue to work diligently to increase our diverse natural gas supplier base in 2014. This includes providing mentoring and other assistance to high potential emerging suppliers.

Our activities will involve the following:

- ▶ Continue buyer interaction with diverse firms
- ▶ Reach out to emerging diverse natural gas suppliers
- ▶ Track goals with Gas Acquisition staff and managers
- ▶ Regularly review WMDVBE accomplishments with Gas Acquisition and Gas Supply managers
- ▶ Regularly review WMDVBE natural gas progress with senior management
- ▶ Work with business associations to identify potential diverse firms

EXTERNAL ACTIVITIES

We will continue to promote the use of diverse suppliers through our industry affiliations and other partnerships. Our activities will include:

- ▶ Mentoring and developing diverse firms
- ▶ Providing WMDVBE support to access financing and credit institutions
- ▶ Participating in energy industry fairs to promote diverse supplier opportunities
- ▶ Providing diverse suppliers with educational opportunities
- ▶ Encouraging major energy companies' participation in trading with diverse businesses
- ▶ Serving in a leadership role in the NARUC Utility Marketplace Access Partnership and National Utilities Diversity Council
- ▶ Working with key organizations to identify and develop diverse suppliers

10.1.3 Recruitment Plans For Low WMDVBE Utilization

We will continue to consider competitive offers from natural gas companies originating in all markets, including Canadian and offshore markets. SoCalGas plans to participate in trade fairs to recruit and

encourage WMDVBE participation in all markets and encourage potential diverse suppliers to participate in natural gas procurement programs. We expect these efforts to show progress during 2014.

10.1.4 Exclusions

SoCalGas has eliminated all excludable items in compliance with the recent modifications made to General Order 156.

10.1.5 Subcontracting Plans

There are no subcontractor opportunities currently available.

10.1.6 Program Compliance

SoCalGas will continue outreach activities to diverse firms and strive to either meet or exceed all requirements established in General Order 156.



Pumpjack located on the Southern Ute Indian Reservation

A1 9.1.2 SoCalGas Supplier Diversity Annual Results by Ethnicity - 2013

		Direct \$	Sub \$	Total \$	%
Minority Men	African American	10,667,634	8,753,199	19,420,833	2.06%
	Asian Pacific American	22,633,785	3,953,974	26,587,759	2.82%
	Hispanic American	112,917,563	20,824,102	133,741,665	14.16%
	Native American	5,913,276	1,002,657	6,915,933	0.73%
	Other	156,522	4,547	161,069	0.02%
	Total Minority Men	152,288,779	34,538,480	186,827,259	19.79%
Minority Women	African American	12,028,359	8,295,327	20,323,687	2.15%
	Asian Pacific American	15,766,408	889,358	16,655,766	1.76%
	Hispanic American	58,760,508	8,612,151	67,372,659	7.14%
	Native American	121,615	67,963	189,578	0.02%
	Other	1,027,062	-	1,027,062	0.11%
	Total Minority Women	87,703,952	17,864,799	105,568,751	11.18%
Total Minority Business Enterprise (MBE)		239,992,731	52,403,278	292,396,010	30.97%
Women Business Enterprise (WBE)		89,788,065	26,592,465	116,380,529	12.33%
Subtotal Women, Minority Business Enterprise (WMBE)		329,780,796	78,995,743	408,776,539	43.29%
Service-Disabled Veteran Business Enterprise (SDVBE)		13,741,658	5,994,038	19,735,696	2.09%
TOTAL WMDVBE		343,522,453	84,989,781	428,512,235	45.38%
Total Procurement \$		944,220,332			

A2 9.1.2 SoCalGas Supplier Diversity Procurement by Product and Service Categories - Direct - 2013

			Products \$	%	Services \$	%	Total \$	%
Minority Men	African American	Direct	4,514,404	1.61%	6,153,230	0.93%	10,667,634	1.13%
	Asian Pacific American	Direct	7,659,398	2.73%	14,974,387	2.26%	22,633,785	2.40%
	Hispanic American	Direct	21,677,435	7.71%	91,240,128	13.76%	112,917,563	11.96%
	Native American	Direct	76,608	0.03%	5,836,668	0.88%	5,913,276	0.63%
	Other	Direct	-	0.00%	156,522	0.02%	156,522	0.02%
	Total Minority Men	Direct	33,927,845	12.07%	118,360,934	17.85%	152,288,779	16.13%
Minority Women	African American	Direct	-	0.00%	12,028,359	1.81%	12,028,359	1.27%
	Asian Pacific American	Direct	11,618,496	4.13%	4,147,912	0.63%	15,766,408	1.67%
	Hispanic American	Direct	50,649,647	18.02%	8,110,861	1.22%	58,760,508	6.22%
	Native American	Direct	-	0.00%	121,615	0.02%	121,615	0.01%
	Other	Direct	31,965	0.01%	995,097	0.15%	1,027,062	0.11%
	Total Minority Women	Direct	62,300,108	22.17%	25,403,845	3.83%	87,703,952	9.29%
Total Minority Business Enterprise (MBE)		Direct	96,227,952	34.24%	143,764,779	21.68%	239,992,731	25.42%
Women Business Enterprise (WBE)		Direct	35,691,455	12.70%	54,096,610	8.16%	89,788,065	9.51%
Subtotal Women, Minority Business Enterprise (WMBE)		Direct	131,919,407	46.94%	197,861,389	29.84%	329,780,796	34.93%
Service-Disabled Veteran Business Enterprise (SDVBE)		Direct	1,980,260	0.70%	11,761,398	1.77%	13,741,658	1.46%
TOTAL WMDVBE		Direct	133,899,667	47.64%	209,622,787	31.61%	343,522,453	36.38%
Total Products Procurement \$			281,058,398					
Total Services Procurement \$			663,161,935					
Total Procurement \$			944,220,332					

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

A3 9.1.2 SoCalGas Supplier Diversity Procurement by Product and Service Categories - Subcontracting - 2013

			Products \$	%	Services \$	%	Total \$	%
Minority Men	African American	Sub	1,291,323	0.46%	7,461,876	1.13%	8,753,199	0.93%
	Asian Pacific American	Sub	1,109,952	0.39%	2,844,023	0.43%	3,953,974	0.42%
	Hispanic American	Sub	714,136	0.25%	20,109,966	3.03%	20,824,102	2.21%
	Native American	Sub	871,157	0.31%	131,500	0.02%	1,002,657	0.11%
	Other	Sub	4,547	0.00%	-	0.00%	4,547	0.00%
	Total Minority Men	Sub	3,991,116	1.42%	30,547,364	4.61%	34,538,480	3.66%
Minority Women	African American	Sub	-	0.00%	8,295,327	1.25%	8,295,327	0.88%
	Asian Pacific American	Sub	26,689	0.01%	862,669	0.13%	889,358	0.09%
	Hispanic American	Sub	1,829,829	0.65%	6,782,322	1.02%	8,612,151	0.91%
	Native American	Sub	54,589	0.02%	13,373	0.00%	67,963	0.01%
	Other	Sub	-	0.00%	-	0.00%	-	0.00%
	Total Minority Women	Sub	1,911,108	0.68%	15,953,691	2.41%	17,864,799	1.89%
Total Minority Business Enterprise (MBE)		Sub	5,902,223	2.10%	46,501,055	7.01%	52,403,278	5.55%
Women Business Enterprise (WBE)		Sub	5,687,698	2.02%	20,904,766	3.15%	26,592,465	2.82%
Subtotal Women, Minority Business Enterprise (WMBE)		Sub	11,589,922	4.12%	67,405,821	10.16%	78,995,743	8.37%
Service-Disabled Veteran Business Enterprise (SDVBE)		Sub	1,453,626	0.52%	4,540,412	0.68%	5,994,038	0.63%
TOTAL WMDVBE		Sub	13,043,548	4.64%	71,946,233	10.85%	84,989,781	9.00%
Total Products Procurement \$			281,058,398					
Total Services Procurement \$			663,161,935					
Total Procurement \$			944,220,332					

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

A4 9.1.2 SoCalGas Procurement by Product Category Summary - 2013

Products	Total Expenditures
14 - Mining & Quarrying Of Nonmetallic Minera	\$ 35,263
23 - Apparel & Oth Finished Prods Made From F	\$ 375,095
24 - Lumber & Wood Prods, Exc Furniture	\$ 81,321
25 - Furniture & Fixtures	\$ 1,021,240
26 - Paper & Allied Prods	\$ 322,412
28 - Chemicals & Allied Prods	\$ 2,489,860
29 - Petroleum Refining & Related Industries	\$ 2,018,558
30 - Rubber & Misc Plastics Prods	\$ 4,578,866
32 - Stone, Clay, Glass & Concrete Prods	\$ 514,443
33 - Primary Metal Industries	\$ 13,831,777
34 - Fabricated Metal Prods, Exc Machinery &	\$ 18,808,542
35 - Industrial & Commercial Machinery & Comp	\$ 16,536,297
36 - Electronic & Oth Elec Equip & Component	\$ 2,763,171
37 - Transportation Equip	\$ 10,792,854
38 - Measuring, Analyzing & Controlling Instr	\$ 40,952,781
39 - Misc Manufacturing Industries	\$ 331,417
50 - Wholesale Trade; Durable Goods	\$ 108,589,988
51 - Wholesale Trade; Nondurable Goods	\$ 32,562,000
52 - Bldg Matls, Hardware, Garden Supply & Mo	\$ 1,729,904
55 - Automotive Dirs & Gasoline Service Stati	\$ 18,861,286
57 - Home Furniture, Furnishings & Equip Sto	\$ 609,293
58 - Eating & Drinking Places	\$ 1,556,967
59 - Misc Retail	\$ 1,695,064
Total Products Procurement	\$ 281,058,398

A5 9.1.2 SoCalGas Procurement by Product Category Detail - 2013

Products	African American		Asian American		Hispanic American		Native American		Other		Total Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Total WMDVBE	Total
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women						
14- Mining & Quarrying Of Nonmetallic Minerals	3,665	-	-	-	-	-	-	-	-	-	3,665	-	-	-	3,665	-	3,665	35,263
23- Apparel & Other Finished Products Made From Fabrics	10.39%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.39%	0.00%	0.00%	10.39%	0.00%	10.39%	304,366	375,095
24- Lumber & Wood Products, Exc. Furniture	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%	81,149	726,411
25- Furniture & Fixtures	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%	89,336	81,321
26- Paper & Allied 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%	1,027,240	322,412
28- Chemicals & Allied 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%	1,955	2,489,860
29- Petroleum Refining & Related Industries	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%	2,018,558	45,786,666
30- Rubber & Misc. Plastics 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%	514,443	13,881,777
32- Stone, Clay, Glass & Concrete 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%	18,003,542	16,536,297
33- Primary Metal Industries	3,278,392	-	5,380	-	817,792	-	3,678	-	-	-	3,287,651	-	133,378	-	3,420,829	-	3,420,829	88,481
34- Fabricated Metal Products, Exc. Machinery & Equipment	19,833	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	19,883	0.00%	0.00%	0.00%	0.00%	0.00%	20,699	2,794,980
35- Industrial & Commercial Machinery & Equipment	0.00%	0.00%	1.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.87%	0.00%	0.00%	0.00%	0.00%	0.00%	88,481	2,763,171
36- Electronic & Other Electric Equipment & Components	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%	9,526,984	10,792,854
37- Transportation 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%	40,952,781	331,417
38- Measuring, Analyzing & Controlling Instruments	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%
39- Misc. Manufacturing Industries	1,993,037	-	1,555,630	-	1,821,932	-	795,814	-	-	-	6,984,403	-	63,556,282	-	19,527,701	-	988,259	72,346,225
50- Wholesale Trade: Durable Goods	11,766	0.00%	1,435	0.00%	1,685	0.00%	47,595	0.00%	0.00%	0.00%	5,601	0.00%	583,345	0.00%	65,716	0.00%	66,626	108,589,988
51- Wholesale Trade: Non-durable Goods	11,596	-	545	-	172,893	-	-	-	-	-	11,596	-	173,438	-	25,113,404	-	27,342,775	32,542,000
52- Big Ticket Hardware, Garden Supply & Miscellaneous	7,754	-	-	-	596,198	-	-	-	-	-	603,952	-	14,131	-	68,083	-	68,083	1,729,904
55- Automotive Parts & Gasoline Service Stations	3,650	-	-	-	6,560,124	-	5,710	-	-	-	6,569,483	-	9,786,342	-	16,355,826	-	35,739	18,860,286
57- Home Furniture, Furnishings & Equipment: Slowly Moving	0.00%	0.00%	0.98%	0.00%	0.00%	0.00%	11.89%	0.00%	0.00%	0.00%	11.89%	0.00%	0.00%	0.00%	0.00%	0.00%	396,832	609,293
58- Eating & Drinking Places	568,379	-	737	-	6,920	-	4,547	-	4,547	-	573,663	-	5,000	-	11,080,098	-	11,080,098	1,556,967
59- Misc. Retail	19,253	-	-	-	434,033	-	69,983	-	-	-	523,269	-	11,357,811	-	19,269	-	11,550,049	1,095,064
Total Products Procurement	3,005,727	8,769,350	11,645,185	22,391,571	52,479,476	94,765	54,589	4,547	31,965	37,908,560	64,212,125	102,000,175	43,309,228	41,726	43,309,228	3,433,888	146,943,225	201,938,318
	2.07%	0.00%	3.22%	4.44%	7.97%	18.05%	0.24%	0.02%	0.01%	0.08%	22.85%	36.34%	51.06%	14.72%	51.06%	1.22%	52.28%	

A6 9.1.2 SoCalGas Procurement by Service Category Summary - 2013

Services	Total Expenditures	
07 - Agricultural Svcs	\$	1,141,751
13 - Oil & Gas Extraction	\$	22,840,478
15 - Bldg Const-General Contractors & Operati	\$	26,443,205
16 - Heavy Const Oth Than Bldg Const-Contract	\$	163,156,073
17 - Const-Special Trade Contractors	\$	106,855,741
27 - Printing, Publishing & Allied Industries	\$	4,482,775
42 - Motor Freight Transportation & Warehousi	\$	15,417,285
45 - Transportation By Air	\$	68,859
46 - Pipelines, Exc Natural Gas	\$	3,594,072
47 - Transportation Svcs	\$	1,520,512
48 - Communications	\$	3,079,213
49 - Electric, Gas & Sanitary Svcs	\$	557,579
60 - Depository Institutions	\$	1,040,735
61 - Nondepository Credit Institutions	\$	13,954
62 - Security & Commodity Brokers, Dlr, Exch	\$	3,641,917
64 - Insurance Agents, Brokers & Service	\$	826,904
65 - Real Estate	\$	1,265,263
67 - Holding & Oth Investment Offices	\$	3,700
72 - Personal Svcs	\$	2,191,655
73 - Business Svcs	\$	135,391,154
75 - Automotive Repair, Svcs & Parking	\$	1,618,216
76 - Misc Repair Svcs	\$	7,438,592
78 - Motion Pictures	\$	5,992
79 - Amusement & Recreation Svcs	\$	2,000
80 - Health Svcs	\$	1,396,684
81 - Legal Svcs	\$	8,606,979
82 - Educational Svcs	\$	320,090
83 - Social Svcs	\$	3,554,296
87 - Engrg, Accounting, Research, Mgmt & Rela	\$	126,698,653
89 - Svcs, Not Elsewhere Classified	\$	18,158,955
99 - Nonclassifiable Establishments		1,828,653
		663,161,935

A7 9.1.2 SoCalGas Procurement by Service Category Detail - 2013

Products	African American		Asian Pacific American		Hispanic American		Native American		Other		Total Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Total WMBDVE	Total
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women						
07 - Agricultural Svcs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	387.12	0.0%	387.12	0.0%	387.12	141,751
19 - Oil & Gas Extraction	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	262.377	0.0%	262.377	0.0%	262.377	22,840,478
15 - Bldg Const, General Contractors & Operati	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.5%	15.5%	2.7%	0.0%	2.7%	26,443,205
16 - Heavy Const (oth Than Bldg Const) Contract	5.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.33372	3.86406	27.397458	3.014827	26,412,235	
17 - Const-Special Trade Contractors	15.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.01020	33.96352	84.700%	14.0%	53,496,52	
27 - Printing, Publishing & Allied Industries	3.63153	509.283	2.691549	6.001668	620.2378	155.522	29.1376	7.31131	34.458507	17.622376	54.006444	9.46341	8.86%	50.67%	59.47%	63.549791	106,855,741	
42 - Motor Freight Transportation & Warehous	2.96%	0.48%	0.00%	2.07%	6.37%	0.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	135.6300	782.109	21.88209	61.200	2,200.89	4,482,775
45 - Transportation By Air	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.29872	441.782	12,102.705	12,102.705	6,417,285	
46 - Pipelines, Exc. Natural Gas	3.2620%	0.28%	0.00%	45.54%	2.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.91%	78.57%	78.57%	0.00%	78.57%	68,859
47 - Transportation Svcs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.66%	2.66%	0.0%	0.0%	2.66%	3,594,072
48 - Communications	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.594072	3.594072	0.0%	0.0%	3,594,072	
49 - Electric, Gas & Sanitary Svcs	868	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	868	392.01	392.01	0.0%	100.00%	15,051.52
60 - Depository Institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.72%	25.72%	0.0%	0.0%	25.72%	3,079,273
61 - Nondepository Credit Institutions	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2,366.090	2,366.090	0.0%	0.0%	2,366.090	551,579
62 - Security & Commodity Brokers, Dis. Exch	31.285	0.0%	0.0%	200.145	200.145	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	74.620	74.620	14.620	0.0%	74.620	1,040,735
64 - Insurance Agents, Brokers & Service	0.86%	0.0%	0.0%	5.50%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.35%	6.35%	0.0%	0.0%	6.35%	13,954
65 - Real Estate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	29.975	54.016	83.81	0.0%	10.14%	886,914
67 - Holding & Oth Investment Offices	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.202	13.202	398.95	0.0%	555.597	126,523
72 - Personal Svcs	2.378	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3,700
73 - Business Svcs	3.92249	17,320.132	7,639.856	4,325.018	1,386.482	167,559	89,336	248,489	16,045.701	22,563.139	38,571.921	2,812.995	51,543.941	19,720.200	54,356.936	2,812.995	54,356.936	135,391,154
75 - Automotive Repair Svcs & Parking	2.89%	12.79%	5.64%	2.97%	3.9%	10.2%	0.0%	0.0%	0.0%	0.0%	11.85%	16.64%	28.49%	9.58%	38.07%	2.08%	40.5%	16,827.6
76 - Hous. Repair Svcs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	310.852	25.597	336.438	0.0%	336.438	7,438,592
78 - Motion Pictures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	51.63	51.63	0.0%	0.0%	51.63	5,992
79 - Amusement & Recreation Svcs	33.38%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.38%	33.38%	0.0%	0.0%	33.38%	2,000
80 - Health Svcs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2,000
81 - Legal Svcs	34.029	602.89	991.87	549.849	181.45	602.89	181.45	1,522.65	152,049	264,709	664.511	3,392.220	3,392.220	664.511	3,392.220	0.0%	3,392.220	8,606,979
82 - Educational Svcs	4.00%	7.00%	11.9%	6.3%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	17.6%	13.9%	31.08%	7.60%	38.68%	0.0%	38.68%	320,690
83 - Social Svcs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	98.94%	98.94%	0.0%	0.0%	98.94%	3,551,296
87 - Equip., Accounting, Research, Mgmt. & Rela	1,258.08	14,571.5	5,151.041	11,023.43	2,922.688	4,832.918	3,657	5,518	23,389.83	4,682.716	26,941.599	49,907.02	53,634	50,440.646	50,440.646	0.0%	50,440.646	126,698,653
89 - Svcs. Not Elsewhere Classified	122.446	89.48	17.248	4.691	3.911	713.300	94.109	857.004	951.13	4,202.089	5,532.202	10.300	5.63200	18,158.955	18,158.955	0.0%	18,158.955	18,158,955
99 - Nonclassifiable Establishments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1,828,653
Total Services Procurement	13,615.06	20,323.687	17,818.409	5,010.381	11,350.093	4,833.83	5,983.668	134,988	156,522	995.097	148,900.299	41,357.536	910,265.824	75,001.376	265,267.211	16,301.810	281,569.020	663,161,935
	2.85%	3.8%	2.89%	0.78%	16.79%	2.25%	0.92%	0.02%	0.02%	0.02%	0.15%	22.45%	28.69%	11.3%	40.00%	2.46%	42.46%	

A8 9.1.10A - Annual Fuels for Non-Generation Product Results by Ethnicity

	Product	Unit	Asian Pacific American			African American			Hispanic American			Native American ³			Other Minority			Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Service-Disabled Veteran Business Enterprise (SDVBE)	Total WMDVBE Procurement Spend	Total WMDVBE Procurement Spend	Total Procurement Spend
			Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total						
NATURAL GAS	SHORT TERM	\$ ^{12,3}	\$3,144,821	\$80,805,768	\$83,950,589	\$49,509,573	\$22,535,033	\$72,044,606	\$23,936,322	\$-	\$23,936,322	\$28,328,776	\$-	\$28,328,776	\$-	\$-	\$-	\$208,260,293	\$3,706,248	\$9,602,113	\$221,568,654	\$961,516,106	
		% ¹²	0.2%	4.73%	4.91%	2.90%	1.32%	4.22%	1.40%	0.0%	1.40%	1.66%	0.0%	1.66%	0.0%	0.0%	0.0%	12.19%	0.22%	0.6%	12.97%	56.30%	
	LONG TERM	\$	\$-	\$-	\$-	\$75,277,419	\$16,576,191	\$91,853,610	\$-	\$-	\$-	\$9,911,845	\$-	\$9,911,845	\$-	\$-	\$-	\$101,765,455	\$-	\$6,402,406	\$108,167,861	\$746,478,091	
		%	0.0%	0.0%	0.0%	4.4%	0.97%	5.38%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.96%	0.00%	0.4%	6.33%	43.70%	
	Total Natural Gas	\$	\$3,144,821	\$80,805,768	\$83,950,589	\$20,626	\$4,483	\$25,109	\$23,936,322	\$-	\$23,936,322	\$38,240,621	\$-	\$38,240,621	\$-	\$-	\$-	\$310,025,748	\$3,706,248.00	\$16,004,519	\$329,736,515	\$1,707,994,196	
		%	0.2%	4.73%	4.91%	4.39%	0.96%	5.35%	1.40%	0.0%	1.40%	2.24%	0.0%	2.24%	0.0%	0.0%	0.0%	18.15%	0.22%	0.9%	19.31%	100.00%	
LPG	SHORT TERM	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$100	
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
	LONG TERM	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$100
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Total LPG	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$100
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Combined	Total \$	\$6,289,642	\$80,805,768	\$87,095,410	\$124,786,992	\$39,111,224	\$163,898,216	\$23,936,322	\$-	\$23,936,322	\$38,240,621	\$-	\$38,240,621	\$-	\$-	\$-	\$310,025,748	\$3,706,248	\$32,009,038	\$329,736,515	\$1,707,994,197		
	Total %	0.37%	4.73%	5.10%	7.31%	2.29%	9.60%	1.40%	0.00%	1.40%	2.24%	0.00%	2.24%	0.00%	0.00%	0.00%	18.15%	0.22%	1.87%	Overall WMDVBE%	19.31%		

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

Long Term Gas - The term of the deal is greater than one calendar month but less than one calendar year

¹ Figures not exact due to rounding

² Does not include fixed costs; includes transportation costs

³ Native American includes gas from federally-recognized US tribes (sovereign nations) and Native American-owned companies

reaching
NEW
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Tom Ling, Advantage, Inc.

The contract to print bill inserts for SoCalGas could not have come at a better time for **Tom Ling's** printing, marketing and mailing services business, Advantage, Inc. With a struggling economy and a slowdown in the printing industry, Ling went from 520 employees in 2008 to 360 in 2011.

With the awarding of SoCalGas' contract in 2011 to print up to four million bill inserts a month, Ling hired eight employees to work at the Asian American-owned company's facility in Anaheim. In addition to increased business, Ling also learned to make Advantage's operations more streamlined and profitable through his attendance at the utility-sponsored UCLA Anderson School of Management's Management Development for Entrepreneurs.

Through the 10-day program, which provides essential management skills to help businesses grow, he learned new strategies and approaches to running his business. When a professor spoke about process improvements, it made Ling look at his own operations and incorporate changes to realize efficiencies and cost reductions.

"It was right in front of me but hearing the professor talk about it, it all made sense," says Ling, noting that he has already implemented changes and in two months saw savings totaling about \$15,000 a month.

He also received guidance and mentoring from SoCalGas. "What stands out is they're always so helpful. They've provided information on how they can help me in my business. That's very rare in today's Corporate America."





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