

## **WMDVBE – Annual Report for 2015**

This is the WMDVBE Annual Report of U.S. TelePacific Corp., Mpower Communications Corp. and Arrival Communications, Inc., all d/b/a TelePacific Communications (“TelePacific”), for the calendar year 2015.

### **9.1.1 Description of WMDVBE Program Activities**

TelePacific began the development of its Program during late 2008, reviewing included expenditure types, evaluating and developing tracking capabilities, and identifying certified WMDVBE entities with which TelePacific does business.

- TelePacific has a partially automated tracking process and is continuing to improve on its electronic recordkeeping capabilities.
- TelePacific modified its purchasing process to require that each party requesting a purchase order search the CPUC supplier database, using simple product terms and geographic location, to determine whether a diverse supplier could be asked for a quote.
  - If such a supplier can be found and a quote obtained, it must be attached regardless of whether the diverse supplier is selected. Requisitions that do not give diverse suppliers the opportunity to bid are subject to rejection.
  - Personnel within our Finance department who report purchasing information also checks the CPUC supplier database to verify whether an appropriate diverse vendor may exist.
- Letters were sent to all current suppliers describing the CPUC program, including how to get certified, and requesting information regarding any diverse suppliers and/or diverse subcontractors.
- All purchase orders are now flagged at the top with: “Are you or your suppliers a minority owned business? Get certified at [www.cpuc.ca.gov](http://www.cpuc.ca.gov) and let us know!”
- TelePacific has developed a vendor diversity form which is sent to all new vendors when a W9 is obtained. This form was updated to include LGBT-owned business enterprises (LGBTBEs).
- TelePacific continues to actively and routinely seek out qualified minority-owned, women-owned, disabled veteran-owned and LGBT-owned vendors that can provide products and services to TelePacific.
- TelePacific has updated its internet site to include information related to the Supplier Diversity program: <http://www.telepacific.com/supplier-diversity-program.asp>.

- TelePacific has initiated quarterly meetings with internal organizations responsible for supplier diversity and those employees making decisions.
- TelePacific communicates and reports supplier diversity results and performance to key business unit executives on a quarterly basis.

#### 9.1.2 Summary of WMDVBE Purchases/Contracts

TelePacific is currently using twenty-one diverse suppliers, which is an increase of 50% from 2014. These suppliers are all “direct spend” vendors, many of them providing highly technical telecom services and supplies, including such things as “Information Technology products and services,” telecommunications products such as Ethernet and Fiber Optics and “Telecommunication Engineering System Design.” TelePacific is not currently providing direct funding for technical assistance to other small or diverse businesses. See also attached Sec. 9.1.2 Charts, WMDVBE Results by Ethnicity and WMDVBE Results by Products & Services, which reflect the extent of investment and development, capital expenditure-type products purchased by TelePacific from diverse suppliers.

#### 9.1.3 Itemization of WMDVBE Program Expense

As TelePacific is using internal resources to set up and expand its Program, expenses for 2015 predominantly involve time of personnel in Regulatory and Finance for activities such as evaluating and modifying prior processes to identify and track covered expenditures, identifying and tracking certified WMDVBE entities with which TelePacific does business, identifying and modifying systems for tracking and reporting purposes, preparation of internal and external notices, time for searches using the CPUC diverse supplier database, responding to inquiries, and the development and preparation of reports and documentation.

#### 9.1.4 Progress in Meeting or Exceeding Goals

Concentrated spend with Diverse Suppliers increased \$1.5M, or 95% from 2014 to 2015. The overall spend has nearly doubled from 2.06% in 2014 to 3.90% in 2015. TelePacific continues to develop both internal and external communications and/or procedures targeting increased opportunity for diverse suppliers and specifically, reaches out to the vendors by phone to make sure they are aware of the certification process and the importance of becoming certificated with the Supplier Clearinghouse.

#### 9.1.5 Summary of Prime Contractor Utilization of WMDVBE subcontractors

TelePacific sent a notice to all its suppliers seeking information on diverse subcontracting. TelePacific provides a notice regarding WMDVBE subcontracting to go out with each Purchase Order.

9.1.6 WMDVBE Complaints

TelePacific is not aware of any WMDVBE complaints.

9.1.7 Purchases and/or Contracts in Excluded Categories

N/A

9.1.8 Description of Efforts To Recruit WMDVBE Suppliers in Categories With Low Utilization, e.g. Legal, Financial and Technical Services

Several of TelePacific's diverse suppliers would appear to fall into these categories. TelePacific utilized WMDVBE's with business descriptions including Legal Services, Information Technology products, and technical telecommunications products such as Ethernet, Fiber Optics and telecommunications engineering system design. Separately identified dollar amounts are not available but Ethernet and Fiber Optics both support broadband. TelePacific has identified the AT&T's Prime Supplier Program Manager for AT&T's Global Supplier Diversity to help with recommendation of diverse suppliers and to help with best practices.

9.1.9 Document and Data Retention

TelePacific shall retain all documents and supporting data for three years.

9.1.10 Separate Fuel Procurement Report

N/A

**TelePacific Communications – 2015 Annual Report – Sec. 9.1.2**  
**WMDVBE Results by Ethnicity**

	Direct	Sub	Total \$	%
Minority - Male				
Black	\$8,333	\$0	\$8,333	0.01%
Hispanic	\$100,633	\$0	\$100,633	0.13%
Asian	\$1,159,249	\$0	\$1,159,249	1.47%
Minority -Woman				
<b>SubTotal</b>	<b>\$1,268,215</b>	<b>\$0</b>	<b>\$1,268,215</b>	<b>1.61%</b>
Woman	\$1,806,993	\$0	1,806,993	2.29%
Disabled Vet	\$1,280	\$0	\$1,280	0.00%
<b>Total WMDVBE</b>	<b>\$3,076,488</b>	<b>\$0</b>	<b>\$3,076,488</b>	<b>3.90%</b>
Purchasing Base	\$78,925,460			

**TelePacific Communications – 2015 Annual Report – Sec. 9.1.2  
WMDVBE Results by Products & Services**

		Product	Product	Services	Services	Total	Total
		\$	%	\$	%	\$	%
Minority - Male	Direct						
Black	Direct	\$8,333	0.01%	\$0	0.00%	\$8,333	0.01%
Hispanic	Direct	\$16,016	0.02%	\$84,616	0.11%	\$100,633	0.13%
Asian	Direct	\$813,733	1.03%	\$345,516	0.44%	\$1,159,249	1.47%
Minority -Woman	Direct						
<b>SubTotal</b>	<b>Direct</b>	<b>\$838,083</b>	<b>1.06%</b>	<b>\$430,132</b>	<b>0.54%</b>	<b>\$1,268,215</b>	<b>1.61%</b>
Woman	Direct	\$610,415	0.77%	\$1,196,578	1.52%	\$1,806,993	2.29%
Disabled Vet	Direct	\$0	0.00%	\$1,280	0.00%	\$1,280	0.00%
<b>Total WMDVBE</b>	<b>Direct</b>	<b>\$1,448,498</b>	<b>1.84%</b>	<b>\$1,627,990</b>	<b>2.06%</b>	<b>\$3,076,488</b>	<b>3.90%</b>
Purchasing Base	\$78,925,460						
Product Purchasing	\$51,654,365						
Services Purchasing	\$27,271,095						

## **WMDVBE – Annual Plan for 2016**

This is the WMDVBE Annual Plan of U.S. TelePacific Corp., Mpower Communications Corp. and Arrival Communications, Inc., all d/b/a TelePacific Communications (“TelePacific”), for the calendar year 2015.

### **10.1.1 Short (1-year), Mid- (3-year) and Long (5-year) Term Goals for Each Major Product and Service Category, Pursuant to Sec. 8 of G.O. 156**

Pursuant to Sec. 8.2, each utility is to establish initial minimum long-term goals for each major category of products and services purchased from outside vendors of not less than 15% for minority-owned businesses, 5% for women-owned and/or minority/women-owned businesses and not less than 1.5% for disabled veteran businesses. Since 2009 was the first full year of TelePacific planning, its long-term goals were set at these percentages. It will attempt to make consistent progress toward those goals during the period 2015-2019.

See attached spreadsheet, WMDVBE Short-term, Mid-term & Long-term Goals.

### **10.1.2 WMDVBE Program Activities for 2016 – Internal & External**

Attempt to improve processes for obtaining WMDVBE information and for working with contractors to encourage WMDVBE subcontracting and to obtain information regarding their success. Develop additional and/or improved processes for recruiting WMDVBE suppliers, including for procurement categories where WMDVBE utilization has been low. TelePacific’s Compliance team continues to meet with TelePacific corporate directors and managers with purchasing responsibility to describe the high level requirements of GO 156 and actions to take to increase our supply of diverse vendors.

### **10.1.3 Plans for Recruiting WMDVBE suppliers where WMDVBE Utilization has been Low, e.g. Legal, Financial Services, & Highly Technical Services**

TelePacific utilizes several WMDVBs in such categories. Although it is still in the relatively early stages of developing its WMDBE supply diversity efforts, it has undertaken some training of the purchasing department to assure commitment to consideration of WMDVBs in the purchasing process and has established processes for consideration of WMDVBs for all contracts where WMDVBs are available.

### **10.1.4 Excluded Categories/Categories Where WMDVBs Unavailable**

N/A

### **10.1.5 Plans for Encouraging Contractors & Grantees to Engage in WMDVBE Subcontracts**

See 10.1.2, above.

10.1.6 Plans for Complying with WMDVBE Program Guidelines, Pursuant to PUC Sec. 8283(c)

TelePacific is utilizing the California Public Utilities Commission website and following any guidelines outlined there for supplier diversity programs. It also followed Commission docket, R.09-07-027, investigating possible supplier diversity updates and has incorporated reporting required by the updated reporting rules in G.O. 156.

**TelePacific Communications – 2016 Annual Plan – Sec. 10.1.1**

**WMDVBE Short-term, Mid-term & Long-term Goals**

	Short-term Goals (One Year) -	Mid-term Goals (Three Year) - 2018	Long-term Goals (Five Year) - 2020
Minority - Male	2 %	5%	10 %
Minority - Woman	1 %	2.5 %	5 %
Woman	3 %	4 %	5 %
Disabled Vet	.25 %	.75 %	1.5 %
Total WMDVBE	6.25 %	12.25 %	21.5 %