

Date of Hearing: January 9, 2018

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sharon Quirk-Silva, Chair

AB 1552 (Quirk-Silva) – As Amended January 4, 2018

SUBJECT: Women, minority, disabled veteran, and LGBT business enterprise procurement: late payment penalties

SUMMARY: Requires a utility that is already mandated to participate in supplier diversity outreach program to pay undisputed invoices by the payment date specified in the contractual agreement or 30 days if no date is specified. Should the utility fail to make a timely payment, the bill requires the utility to pay certain small business vendors a late payment penalty. Specifically, **this bill:**

- 1) Expresses findings and declarations, including, but not limited to:
 - a) Supplier diversity activities have benefited utilities and their customers by increasing the potential pool of bidders and allowing utilities to enter into best value contracts;
 - b) Research shows that small businesses face unique challenges in accessing capital; and
 - c) The most vulnerable businesses, including (small) women, minority, disabled veteran, and LGBT business enterprises, often disproportionately suffer when they do not receive the payments owed to them on time.
- 2) Expresses legislative intent that women, minority, disabled veteran, and LGBT business enterprises should be paid on time and when those payments are received late, those businesses should be adequately compensated for the harm that they suffer.
- 3) Requires an electrical, gas, water, mobile telephony service provider, or telephone corporation, with gross annual revenues exceeding \$25 million and its commission-regulated subsidiaries and affiliates, to pay all undisputed invoices on the required payment date. If no term is specified in the contractual agreement, payment is required to be made within 30 days of receiving the undisputed invoice.
- 4) Authorizes a utility (*described in 3 above*) to dispute an invoice submitted by a claimant for reasonable cause, as defined, if the utility notifies the claimant within 15 working days from receipt of the invoice, or delivery of goods or services, whichever is later. The bill prohibits an invoice from being disputed on the basis of minor or technical defects in order to circumvent or avoid the general terms of the prompt payment requirements, as specified.
- 5) Requires a utility (*described in 3 above*) that fails to pay an undisputed invoice of a certified small business on the required payment date to pay a late payment penalty. The bill also applies the late payment penalty provisions to non-small businesses that committed in the contractual agreement to have at least 25% of the contracted work be undertaken by a certified small business. For all other businesses, payment policies follow the terms of the contractual agreement. In addition, the bill:
 - a) Sets a late payment penalty rate of 10% above the U.S. Prime Rate on June 30 of the prior fiscal year of the amount of the late undisputed invoice; and
 - b) Provides that the penalty is to be waived if the amount of the late payment penalty is ten dollars (\$10) or less.

- 6) Requires the California Public Utility Commission (CPUC) to encourage all utilities to adopt policies and practices that encourage claimants to promptly pay their contractors and suppliers, especially those claimants that are small businesses. The bill specifies that:
 - a) These policies and practices may include, but are not limited to, expedited payment processes and transparent payment practices that allow a contractor to track when the claimant has been paid by a public utility; and
 - b) Utilities not subject to the late payment penalty requirements in AB 1552 are encouraged to voluntarily implement policies that support the prompt payment of contractors.
- 7) Requires a utility (*described in 3 above*) to annually report by certification category:
 - a) On the number and dollar amount of late payment penalties paid to certified disabled veteran, minority, women, or LGBT small business enterprises; and
 - b) On the number and dollar amount of contractual agreements with certified disabled veteran, minority, women, and LGBT business enterprise which include a 30-day, a 45-day, and a 60+-day payment provision.

This information is required to be provided through the already mandated supplier diversity report process.

- 8) Provides that any late payment penalty that accrues as a result of a failure of a utility (*described in 3 above*) to make a timely payment, as specified, to be considered by the commission in any ratemaking or other appropriate proceeding involving the utility's recovery of expenses.
- 9) Defines the following terms:
 - a) "Certified small business" means a business certified by the state of California as a small business for state procurement purposes. State certification requirements provide that the business must:
 - i) Be an independently owned and operated business that is not dominant in its field of operation;
 - ii) The principal office of the business is located in California and the officers of the business are domiciled in California;
 - iii) The business, together with affiliates, employing 100 or fewer employees;
 - iv) The business' average annual gross receipts of \$10 million or less over the previous three years. Beginning in January 2019, the average annual gross receipts threshold increases to \$15 million. In addition, a biennial review of the average annual gross receipt levels is required to be undertaken and adjusted to reflect changes in the California Consumer Price Index for all items; and
 - v) The business is capable of contributing to the fulfillment of contract requirements by performing a commercially useful function.
 - b) "Invoice" means a bill, claim, or other document that requests payment on a contractual agreement under which a public utility agrees to purchase a good or service. If the contractual agreement

specified a specific form or format for invoicing, the invoice is required to meet the terms of the contractual agreement.

- c) “Reasonable cause” means a determination by the utility that any of the following conditions is present:
- i) There is a discrepancy between the invoice or claimed amount and the provisions of the contractual agreement for the goods or services;
 - ii) There is a discrepancy between the invoice or claimed amount and the goods or services delivered or accepted by the utility;
 - iii) The utility requires the claimant to provide additional evidence supporting the validity of the invoice or claimed amount;
 - iv) The claimant has improperly executed or needs to correct the invoice; and
 - v) There is a discrepancy between the refund or other payment due as calculated by the party to whom the money is owed and by the utility.
- d) The date an invoice is “received by the utility” means the date an invoice is delivered to and received by the utility or party specified in the contract.
- e) “Required payment date” means the date on which payment is due as specified in a contractual agreement. If a date is not specified in the contractual agreement, the required payment date is 30 calendar days following the date upon which an undisputed invoice is received by the utility.

EXISTING LAW:

- 1) Requires the CPUC to establish supplier diversity program guidelines. A utility (*described in 3 in the summary section*) is required to use these guidelines when establishing their own programs to increase procurement participation by women, minorities, disabled veterans, and LBGT business enterprises.
- 2) Requires the CPUC to develop an outreach program to inform and recruit women, minority, disabled veteran, and LBGT business enterprises to apply for procurement contracts. A utility (*described in 3 in the summary section*) is required to implement the CPUC outreach program.
- 3) Requires the CPUC to require each utility (*described in 3 in the summary section*) to:
 - a) Submit annually a detailed and verifiable plan for increasing procurement participation by businesses owned by women, LBGT individuals, minorities, and disabled veterans, as specified.
 - b) Submit an annual report on the programs the utility established to increase supplier diversity, as specified.
- 4) Expresses legislative intent that each electrical, gas, water, mobile telephony service provider, and telephone corporation that is not required to submit a supplier diversity plan, as specified, is

encouraged to voluntarily adopt a plan for increasing women, minority, disabled veteran, and LGBT business enterprise procurement in all categories.

- 5) Expresses legislative intent that each that each cable television corporation and direct broadcast satellite provider is encouraged to voluntarily adopt a plan for increasing women, minority, disabled veteran, and LGBT business enterprise procurement and to voluntarily report activity in this area to the Legislature on an annual basis.
- 6) Requires the CPUC to adopt criteria for verifying and determining the eligibility of women, minority, and LGBT business enterprises for procurement contracts, as specified.
- 7) Requires the Department of General Services (DGS) to implement a certification program for small businesses and disabled veteran business enterprises (DVBES).
- 8) Establishes the Prompt Payment Act, which requires state agencies to make the payment of undisputed invoices for property or services under the terms of the contractual agreement or within 30 calendar days of receipt of the invoice if a specific date is not established by the contract.
 - a) A state agency is authorized to dispute an invoice for reasonable cause within 15 working days of receipt.
 - b) The maximum time from the receipt of an undisputed invoice to the date of payment is 45 calendar days. If payment is not issued within 45 calendar days from the state agency receipt of an undisputed invoice, late payment penalties are applied. Two penalty rates are set in existing law, as follows:
 - i) 10% above the U.S. Prime Rate for payment delays to a certified small business or certain nonprofit corporations; and
 - ii) 1% above the pooled Money Investment Account daily rate on June 30 of the prior fiscal year, not to exceed 15%, for payment delays for all other businesses.
 - c) State agencies are requires to report and DGS annually prepares a comprehensive procurement summary report, which includes information on late payment penalties paid by state procurement entities.

FISCAL EFFECT: Unknown

POLICY ISSUE FRAME: Utilities mandated to participate in General Order (GO) 156 – The CPUC's Supplier Diversity Program, expended \$9.37 billion in 2016 through its diverse supplier network, including women, minority-, disabled veteran- and LGBT-business enterprises. This represents 31% of total contracting in the year, far exceeding the 21.5% target and representing important revenues to participating businesses.

With evolving technological needs and the significant number of baby boomer retirements, many businesses, including investor owned utilities have a need to replace long-time contractors. Sound economic policy suggests that selecting from the broadest array of vendors is allowing utilities to make an

optimal choice based on price, quality, and other considerations the utility deems most appropriate. Over the years GO 156 has helped to open-up thousands of contracting opportunities to businesses that may not have otherwise come to the attention of utilities, including enterprises owned and operated by women, minorities, disabled veterans, and LGBT individuals.

The overall success of the Supplier Diversity Program can, however, be undermined when vendors are not paid in a timely fashion. AB 1552 requires undisputed invoices to be paid under the terms of the contract or within 30 days if no payment date is specified. For procurement contracts involving small businesses, which includes upwards of 80% of business already participating in the CPUC Clearinghouse, the bill establishes a late payment penalty. According to the sponsor, the American Indian Chamber of Commerce, some of California's most vulnerable businesses have to borrow money, postpone new projects, and/or sell contracts to factoring companies in order to meet current pay roll and other operational needs.

The analysis includes information on the development of GO 156, the importance of supplier diversity and small businesses, as well as related legislation.

COMMENTS:

- 1) **Statute and GO 156:** Beginning in 1986, the Legislature enacted a series of statutes, and the CPUC adopted GO 156, for the purpose of encouraging greater diverse business participation in utility contracts. Currently utilities that are mandated to participate in GO 156 include electrical, gas, water, wireless telecommunications service providers, and telephone corporations with gross annual revenues over \$25 million including commission-regulated subsidiaries and affiliates.

Statute and GO 156 include rules and regulations for the utilities' compliance with the Supplier Diversity contracting program, and requires participating utilities to inform, recruit, and work toward having at least 21.5% of their procurement activities over a five-year period be with business enterprises primarily owned and operated by women-, minority-, disabled veteran-owned business enterprises. More specifically, the targets are 15% for minority-owned businesses, 5% for women-owned businesses, and 1.5% for DVBES.

The CPUC has not yet set a minimum procurement participation target for LGBT-owned business enterprises. GO 156 states that during the first five years of implementation, the utilities are excused from setting numerically-based goals and, instead, the utilities should focus their efforts on updating their supplier diversity policies, developing targeted outreach programs, and ensuring LGBT business entities are aware of available technical assistance, among other actions.

In order for the procurement activities to count toward supplier diversity goals, a woman-, minority-, or LGBT-owned business enterprise has to become certified through an entity recognized by the CPUC's Utility Diversity Supplier Program clearinghouse. These third-party certifications generally cost money. Businesses owned and operated by disabled veterans use the free DGS certification process established under the California Disabled Veteran Business Enterprise Program. AB 1552 proposes to use the "small business" certification, which is also free and available through DGS.

As of July 31st, 2017, the Clearinghouse database has a total of 8,270 verified diverse vendors, including:

- 2,736 women business enterprises;

- 2,514 minority business enterprises;
- 1,232, minority women-owned or woman and minority male-owned businesses;
- 1,823, DVBEs;
- 110 LGBT-business enterprises; and
- 46 Small Business Administration 8(a) certified businesses.

Regulated entities are also required to annually submit a detailed and verifiable plan, with goals and timetables, for increasing diverse business participation in all categories of procurement, including technology, equipment, supplies, services, materials, and construction. Although there is no penalty for failure of a utility to meet the goals, each utility is required to report annually on its progress. The CPUC, in turn, is required to make an annual progress report to the Legislature.

2) **Market Impacts on California's Demographic Shift:** As unprecedented numbers of baby boomers prepare to retire from the marketplace, new businesses are emerging, and older companies are restructuring and/or disbanding. This demographic trend reflects only a generational shift in the U.S., but also marks a shift in the race and ethnicity of nation's working age population. In 2014, California became the ninth state in the U.S. to have Latinos be recorded as the majority population based on race and ethnicity and millennials become the largest population group based on age.

Companies that wish to remain competitive need to address these changing demographics, as well as increasing business ownership patterns by previously underrepresented ownership groups (chart below). These changes not only affect customer and community needs, but also quality and access to resources, technology, and business to business relationships. For many firms this means expanding outreach identify new business partners, offering technical assistance to new and prospective partners, and joining and participating in network activities. These activities benefit the businesses by increasing the pool of potential workers, partners, and suppliers.

The CPUC regulates a wide range of private business activity, including electrical, gas, water, mobile telephony service provider, and telephone corporations. In undertaking its mission to protect consumers, safeguard the environment, and assure Californians' access to safe and reliable utility infrastructure and services, the CPUC also has a duty to assess economic trends and propose appropriate actions to support the longevity of the entities upon which it regulates.

Under GO 156, the CPUC encourages expanded outreach to business owners from groups which have been historically underrepresented, sets policies to assist regulated entities in designing programs that successfully increase supplier diversity, and ask for annual reporting so that the CPUC can monitor the policy. GO 156 recommends that utilities consider key business related factors in setting procurement participation targets, including: Total purchasing and contracting projections; availability of diverse suppliers and their competitiveness in the geographic area; and market dynamics, among other factors. The objective of these activities is to expand the available pool of potential contractors by encouraging this increasing number of diverse businesses to become potential suppliers of products and services to the utility.

| Comparison of Business Growth by Race, Ethnicity, and Veterans | |
|-----------------------------------------------------------------------|----------------------------------------------------------------|
| <i>Business Ownership</i> | <i>Percent Change 2007 to 2012 Number of all Firms</i> |
| American Indian and Alaska Native Women | 35.7% |
| American Indian and Alaska Native Men | 7.4% |
| Asian American Women | 44.3% |
| Asian American Men | 25.7% |
| Black Women | 67.5% |
| Black Men | 18.8% |
| Hispanic Women | 87.3% |
| Hispanic Men | 39.3% |
| White Women | 10.1% |
| White Men | 0.7% |
| Veteran Women | 29.6% |
| Veteran Men | 7.7% |
| Source: 2012 Survey of Business Owners | |

Nothing in GO 156 authorizes or permits a utility to use set-asides, preferences, or quotas in administration of its Supplier Diversity Program and utilities retain the authority to use legitimate business judgment to select a supplier for a particular contract.

- 3) **State Prompt Payment Program:** AB 1552 uses a prompt payment structure similar to that of state procurement activities related to goods, services, and information technology. Under existing state law, invoices on delivered goods and services are required to be paid promptly, which is generally understood to be within 30 days, unless the procurement agreement specifies another timeframe. To incentivize a state agency to "promptly" pay contracts, a late payment penalty is assessed for every day the payment is made beyond 45 days.

Reflective of the financial challenges smaller size vendors face in fronting the costs of material and labor to undertake a state contract, existing law sets a higher late payment penalty for contracts with primes that are a certified small business, small business Medical vendor, and nonprofits with contracts valued at under \$500,000. An undisputed invoice from these small business and nonprofit vendors are assessed at a penalty of 10% above the US Prime Rate, as compared to a rate of 1% above the pooled Money Investment Account for all other vendors. In 2016-17, this annual interest rate deferential is 13.5% vs. 1.58%.

As an example: Under the higher penalty calculation for a small business and nonprofit prime vendor, an invoice for \$10,000 that is 90 days late would incur a penalty of **\$332.91**, [(\$10,000X.0003699) X 90]. That same contract with another prime business would be **\$38.97** [(\$10,000X.0000433) X 90].

These late payment penalties are required to be reported to DGS and aggregated into an annual report. In 2015-16, 2,926 invoices were paid later than 45 days for a total of late payment penalties of \$377,635.09. This represents 0.0003% of all invoices processed by the state in the fiscal year. Below is a chart displaying more detail on the late payment penalties paid in 2015-16.

| Late Payment Penalties Paid by State Departments (FY 2015-16) | | |
|----------------------------------------------------------------------|------------------------------|-------------------------------|
| <i>Vendor Category</i> | <i>Number of Occurrences</i> | <i>Value of Late Payments</i> |
| Small Businesses | 1,940 | \$219,493.72 |
| Other Businesses | 986 | \$158,141.37 |
| Total | 2,926 | \$377,635.09 |

Source: DGS, Prompt Payment Report 2105-16

Even though late payment penalties are paid on only a small fraction of state contracts, these payments represent meaningful revenues to impacted businesses. Tracking the payments is also an important monitoring tool for the Administration and the Legislature. In 2015-16 small businesses were more likely than other vendors to not be paid on time with 66% of all late penalty occurrences and 58% of dollars paid for late payments going to small businesses. Given the well documented challenges small businesses face in accessing capital, these late payment penalties assist businesses in covering the real cost of waiting to be paid.

AB 1552 uses a similar model by applying a late payment penalty in cases where the undisputed invoice is paid when it is past due and it was submitted by a certified small business or a business who commit to using certified small business for 25% of the contract. As shown in the 2016 GO 156 Report, 83% of the businesses on the Supplier Diversity Clearinghouse database have revenues under \$10 million, which is the current financial threshold for a certified small business. In 2019, this revenue limit will increase to \$15 million and, thereafter, is will be adjusted every two years based on changes in the California Consumer Price Index.

- 4) **Outcomes of GO-156:** In 2016, GO 156 reporting utilities spent \$9.37 billion through Supplier Diversity Programs. The total procurement awards increased by 6.34%; from \$8.82 billion in 2015, to \$9.37 billion in 2016. The year-over percentage amount of total contracting, however, decreased from 32.36% to 30.92%.

Utilities exceeded the 21.5% goal set through GO 156, as well as the minority-owned and women-owned business enterprises goals. Nevertheless, the utilities were short of meeting the disabled veteran-owned business enterprise goal by 0.07%.

| 2016 Diversity Procurement from CPUC Regulated Entities | | | |
|----------------------------------------------------------------|---------------------------|-------------------------|-------------|
| <i>Category</i> | <i>Procurement Amount</i> | <i>Percent Achieved</i> | <i>Goal</i> |
| | \$9.37 billion | 30.92% | 21.5% |
| Minority-Owned Businesses | \$6.13 billion | 20.23% | 15.5% |
| Women-Owned Businesses | \$2.77 billion | 9.13% | 5.0% |
| Disabled Veteran-Owned Business Enterprises | \$0.43 billion | 1.43% | 1.5% |
| LGBT-Owned business | \$0.04 billion | 0.12% | No Goal |
| SBA 8(a) | \$0.001 billion | 0.003% | No Goal |

Source: 2016 CPUC Annual Report on GO 156

2016 was the first year utilities were required to track and report on procurement activities with LGBT-owned business. For 2016 the utilities reported \$36.63 million, 0.12% of total utilities' procurement.

The 2016 annual report on the implementation of GO 156 highlighted the accomplishments of Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric (SDG&E), Southern California Edison (SCE), and Southwest Gas on continuing to spend more than 40% of their procurement with diverse suppliers. The annual report also notes:

- Frontier Communications increased their diverse spending from \$711,231 in 2015 (5.48%) to \$52.51 million (25.56%). This was likely due, according to the report, to the acquisition of Verizon California.
- Diverse contracting through the small utilities declined from \$144.81 million in 2015 to \$143.61 million. The overall percentage of total procurement increased from 18.63% to 20.79%.
- Suburban Water Company achieved the most percentage of total procurement at 37.09% among all CPUC regulated water utilities. All the water utilities, except San Gabriel Valley Water Company and San Jose Water Company, continue to meet the GO 156 21.5% goal.

The 2016 annual report also highlights capacity building and technical assistance being offered through utilities, including:

- Utilities provided educational and developmental programs on themes such as critical business issues, best practices, procurement processes, and safety to help grow diverse suppliers.
- AT&T selected 17 businesses to attend the highly accredited programs offered by John F. Kennedy University, Northwestern University and Dartmouth Colleges designed for businesses to develop future growth strategies and embrace innovative business practices.

- Cal Water continued offering its Water Technology Training Scholarship Program to diverse suppliers to improve their proficiency and competitiveness in preparing water distribution and treatment tests.
- Cox will be offering a \$10,000 scholarship to a diverse supplier to attend an Executive/MBA-type business development program, in California and in one other state.
- The utilities are working with prime contractors to bolster diverse suppliers' inclusion in subcontracting. Some of the approaches the utilities are employing:
 - Include WMDVLGBTBE subcontracting language in contracts with prime contractors.
 - Regular meetings with prime contractors.
 - Implement internal tools to identify subcontracting opportunities.
 - Involve prime contractors in outreach efforts.
 - Develop strategies to monitor subcontracting efforts and performances.
 - Prime contractor recognition and award programs.

Even given some successes, the DVBE category and certain industry sectors remain underutilized. GO 156 specifically highlights the need for increasing utilization in both the product and service categories where there has been low utilization. The 2016 report also highlights the continued need for progress in professional and technical categories, including legal and financial services and fuel procurement.

AB 1552 would expand reporting to include reporting of late payment penalties by diverse certified business category and length of the payment periods once an undisputed invoice is submitted, including payment periods of 30, 45, and more than 60 days.

- 5) **Disadvantaged Communities:** Another category of targeted procurement outreach includes SB 350 and the communities identified by the California Environmental Protection Agency's California Environmental Screen (Cal Enviro Screen), which identifies communities in California that suffer from a range of environmental, economic, health burdens. [*SB 350, Chapter 547, Statutes of 2016*]

In 2016, 27 utilities contracted with 2,765 diverse businesses of which 29.04% were located in a disadvantage community identified by the Cal Enviro Screen. Of the 5,202 California businesses listed in the Supplier Clearinghouse database, 30.28% are in disadvantaged communities.

- 6) **Additional Information on the Clearinghouse:** The Clearinghouse maintains an internet-based platform of certified businesses to assist utilities in identifying and contracting with GO 156 businesses. The operating costs of the Clearinghouse are paid directly by the utilities subject to the mandatory elements of GO 156. Utilities subject to these diversity contracting requirements are assessed a charge based on intrastate revenues.

Businesses seeking placement on the Clearinghouse platform must first obtain certification through a Clearinghouse recognized certification entity. The Clearinghouse website identifies various third-party entities that issue CPUC recognized certification of women-, minority-, and/or LGBT-owned business enterprises. Disabled veteran-owned businesses (DVBE) are certified by the Office of Small Business & Disabled Veteran Business Enterprise Services, a unit of the California Department of General Services. The publically available database can be reached through this link:

<http://www.thesupplierclearinghouse.com/>

As noted above, the Clearinghouse database has a total of 8,270 verified diverse vendors. Of these vendors, approximately 61% are owned by females and 39% by males. Information on race and ethnicity and business size are charted below.

| Race and Ethnicity | | Business Size | |
|------------------------|-----|-------------------------------|-----|
| White | 42% | Under \$1 million in revenues | 50% |
| Hispanic American | 22% | \$1 million to \$2.5 million | 15% |
| Asian Pacific American | 20% | \$2.5 million to \$5 million | 9% |
| African American | 13% | \$5 million to \$10 million | 9% |
| Native American | 3% | \$10 million and above | 17% |

Source: 2016 CPUC Annual Report on GO 156

One of the 2016 accomplishments of the Supplier Clearinghouse was to implement an industry classification upgrade to the businesses' listing. Previously, companies were exclusively identified by the Standard Industry Code (SEC) and now the business will identified by the North American Industry Classification System (NAICS). NAICS was developed under the direction and guidance of the federal Office of Management and Budget and officially replaced the SIC system in 1997. This update should allow utilities to more effectively search for potential contractors.

Based on this the old SEC classifications: 18% of certified businesses in the database provide business services; 17% provide engineering, accounting, and other professional services; 9% are construction firms; and 6% are in wholesale durable goods.

7) **Related Legislation:** Below is a list of related legislation:

- a) ***AB 873 (Davis) CPUC Procurement Contracts with Water Companies:*** This bill requires each water corporation with 10,000 or more service connections to submit annual plans for increasing procurement from women- and minority-owned businesses and DVBEs to encourage each electrical, gas, water, and telephone corporation that is not required to submit a plan under current law to voluntarily adopt a plan for increasing women, minority, and DVBE procurement in all categories. Status: Signed by the Governor, Chapter 316, Statutes of 2008.
- b) ***AB 1678 (Gordon) LGBT-Owned Business Enterprises:*** This bill expands the provisions of the CPUC Supplier Diversity Program to include LGBT business enterprises. Status: Signed by the Governor, Chapter 633, Statutes of 2014
- c) ***AB 1918 (Davis) CPUC Procurement Wireless Telecommunications:*** This bill requires the CPUC to require specified wireless telecommunications service providers to annually report on their progress in increasing contracting with women- and minority-owned businesses and DVBEs. Status: Signed by the Governor, Chapter 456, Statutes of 2010.
- d) ***AB 2758 (Bradford) CPUC Minority and Women Procurement Goal Reporting:*** This bill requires the CPUC to include in their required report to the Legislature, the renewable energy, wireless telecommunications, broadband, smart grid and rail projects as categories for which utilities should increase procurement from women, minority and DVBEs, as specified. Status: Signed by the Governor, Chapter 475, Statutes of 2010.
- e) ***AB 3678 (Moore) CPUC Procurement Goals:*** This bill codified the broader parameters of GO 156, and requires electrical, gas, and telephone corporations (with gross annual revenues

exceeding \$25 million) to annually submit a detailed and verifiable plan for increasing women- and minority-owned business procurement in all categories that includes short- and long-term goals and timetables, and furnish an annual report. It also required the CPUC to establish guidelines for the plans. Status: Signed by the Governor, Chapter 1259, Statutes of 1986.

f) **SB 2398 (Dills) CPUC DVBE Procurement Goal:** This bill included DVBEs in the classes of entities eligible under women- and minority-owned business programs. A subsequent CPUC decision includes disabled veteran-owned business enterprises (D. 95-12-045) and establishes a 1.5-percent goal for disabled veteran-owned businesses. Status: Signed by the Governor, Chapter 516, Statutes of 1990.

8) **Double Referral:** The Assembly Rules Committee has referred this measure the Assembly Committee on Jobs, Economic Development and the Economy and to the Assembly Committee on Utilities and Energy (U&E). Should this measure pass the committee, it will be referred to U&E for further policy consideration.

REGISTERED SUPPORT / OPPOSITION:

Support

American Indian Chamber of Commerce (sponsor)

Asian Business Association

California Small Business Association

Latin Business Association

Opposition

None on file

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