

California Water Service Company

2013 ANNUAL REPORT

*Women, Minority & Disabled Veteran Business Enterprise
Procurement Pursuant to CPUC General Order 156*



(U-60-W)

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MESSAGE FROM CALIFORNIA WATER SERVICE COMPANY'S PRESIDENT AND CHIEF EXECUTIVE OFFICER

At California Water Service Company (Cal Water), we are committed to providing customers a reliable, high-quality water supply and excellent service at affordable rates. Why is that a relevant introduction to this report? Because we believe that by expanding our pool of qualified vendors and increasing competition for our business, we better position ourselves to fulfill this commitment to our customers.

In 2013, we refocused our efforts and dedicated significant resources to broadening our business relationships. And clearly, our efforts have yielded results. In 2013, we:

- Increased the number of certified women-, minority-, and disabled veteran-owned business enterprises (WMDVBEs) in our database from 171 to 281, an increase of 64.3% over 2012.
- Increased the number of WMDVBEs we spent money with from 69 to 113, an increase of 63.7%.
- Increased our WMDVBE spend as a percentage of our net procurement from 9.41% in 2012 to 18.72% in 2013, an increase of 98.9%.



Granted, there is still work to do in order to achieve the goals set forth in the California Public Utilities Commission's General Order 156. Going forward, I will continue to work with our Executive Task Force and our employees to communicate the importance of this effort and take necessary steps to meet our 2014 goal.

I am also pleased to announce that Jose Espinoza has joined our team as Supplier Diversity Program Manager. Jose has impressive experience with purchasing in his role with the United States Marine Corps, and I know he will be dedicated to improving our supplier diversity, and more importantly, helping us to meet our customers' needs for reliability, quality, service, and affordability by increasing competition among our vendors.

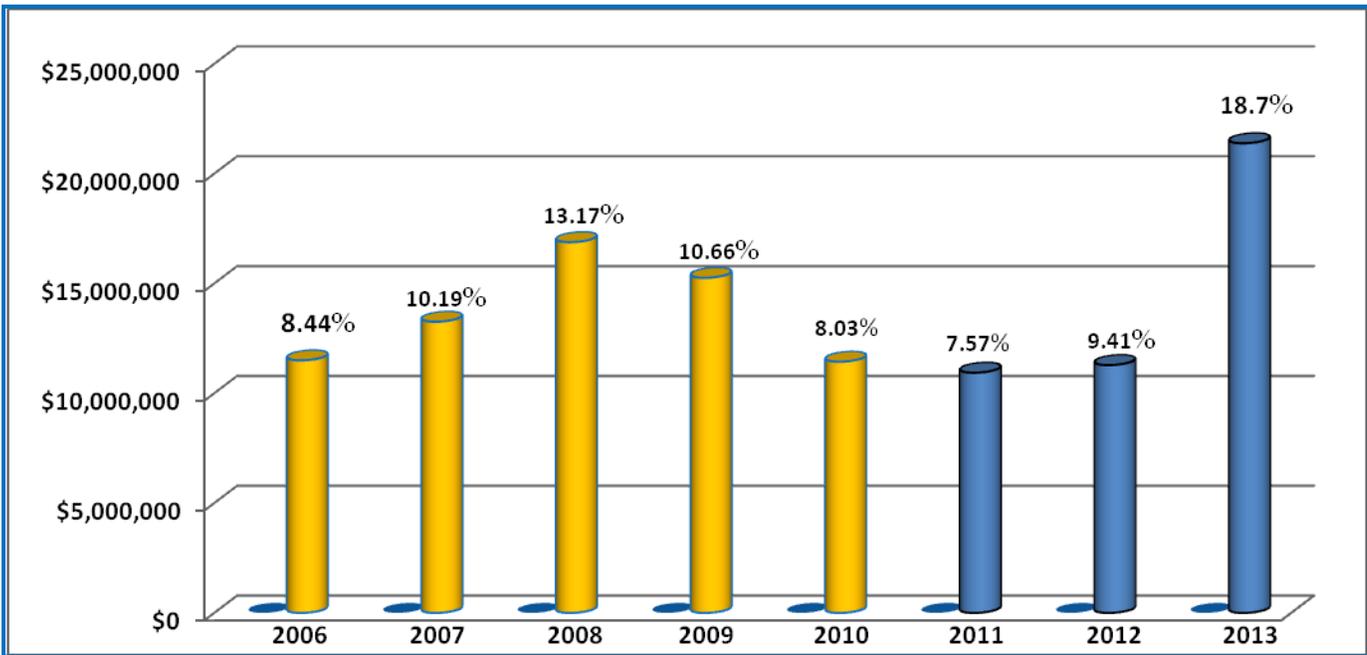
A handwritten signature in black ink that reads "Martin A. Kropelnicki". The signature is written in a cursive, flowing style.

Martin A. Kropelnicki

SUMMARY OF 2013 WMDVBE PROGRAM

This is California Water Service Company’s (Cal Water’s) third annual report to the California Public Utilities Commission (CPUC or Commission), filed in compliance with CPUC General Order 156. Previously, for years 2006 – 2010, Cal Water reported its WMDVBE procurement efforts voluntarily under the terms of its 2004 Memorandum of Intent. This report outlines the Company’s progress in procuring goods and services from women-, minority-, and service-disabled veteran-owned business enterprises (WMDVBEs) for the period of January 1, 2013, through December 31, 2013.

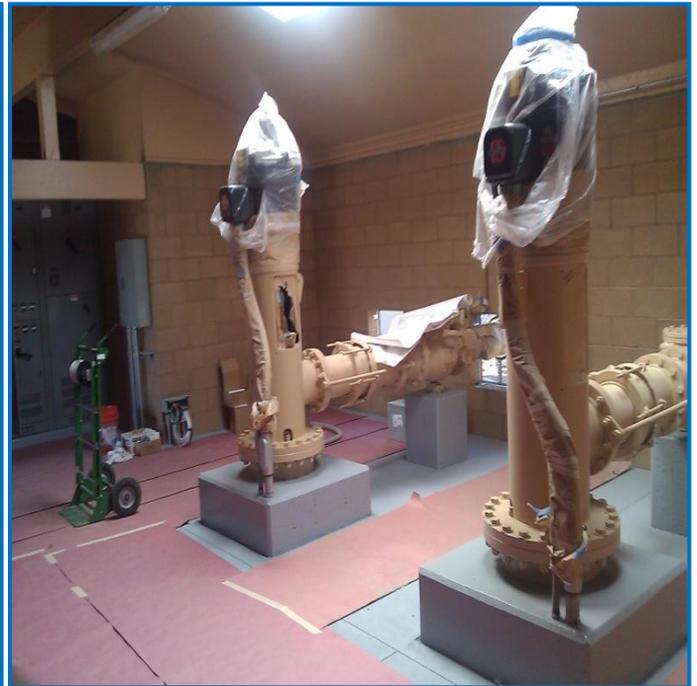
In 2013, Cal Water’s discretionary spending totaled \$114.3M, of which the company spent \$21.4M, or 18.7%, with WMDVBEs; up from \$11.2M and 9.4% in 2012.



Cal Water’s commitment to develop mutually beneficial relationships with WMDVBEs was evident in our results in 2013. We continued to focus on outreach events and business expos statewide to further expand our pool of qualified suppliers that is inclusive of women-, minority-, and disabled veteran-owned businesses in a way that reflects the marketplace and the communities we serve. In 2013, Cal Water increased the number of certified WMDVBE-qualified suppliers in our supplier database by 100, an increase of 64.3%.

At Cal Water, we believe that the partnership we have with our suppliers remains critical to the success of our business and the customers we serve. Cal Water awards business to suppliers based on a competitive procurement process, which ensures that Cal Water receives goods and services at the best available cost. In 2013, Cal Water issued a new purchasing policy that encourages the utilization of women, minority and disabled veteran vendors in our supply chain opportunities. And, to assist our buyers in locating qualified suppliers, our Information Technology Department developed a new vendor search tool that pulls supplier information from both our own Cal Water supplier database and the CPUC Supplier Diversity Clearinghouse database. The outcome of the new purchasing policy and newly designed search tool was an increase in the number of bid opportunities extended to CPUC Clearinghouse-certified women-, minority-, and disabled veteran-owned businesses due to the expanded visibility of qualified suppliers in our database for Cal Water buyers. In 2013, Cal Water purchased from 113 certified WMDVBE suppliers, up 63.7% over 2012.

One of the new Cal Water suppliers we partnered with in 2013 is M-3 Construction Company, a minority-owned general building and engineering construction company out of Plymouth, Calif. M-3 Construction was selected in the competitive bid process for the East Los Angeles District Pump Station Replacement project. The project consists of the full replacement of the existing pumping facilities at Station 004 in East Los Angeles, including installation of vertical turbine pumps, piping, electrical, controls, and SCADA communications, plus construction of a masonry block building to house the new facilities along with associated site grading, paving, and landscaping. M-3 Construction is currently on schedule and on budget.





Minority Business Enterprise (MBE) Doty Brothers Construction Company was selected via the competitive bid process for two groundwater treatment projects at Cal Water wells 294 and 275 in the Rancho Dominguez District. This project includes the installation of advanced treatment: ion exchange, aeration, and provisions for UV treatment at the two existing groundwater well sites. Doty Brothers Construction is currently on schedule, and Cal Water expects to place the two treatment systems in service in the fall of 2014.

Cal Water provides support for the Multi-Tier Technical Assistance and Capacity Building Program, as outlined in the Commission's 2011 decision in the GO 156 rulemaking. In 2013, the Company launched its Water Technology Training WMDVBE Scholarship Program and invited two MBE construction firms to participate in the nine-week Water Technology and Water Distribution training. We believe that our pipeline construction companies become better water utility partners with increased knowledge of water utility management and organization, source water monitoring and management, the multi-barrier concept, water works standards, drinking water standards, applied water hydraulics and math, water distribution system design, operations, maintenance, and appurtenances including: storage tanks, pipe materials and main installation, service connections and installation, valves, fire hydrants, meters, cross-connection control practices and devices, pumps and motors, safety awareness, sample collection techniques, disinfection methods breakpoint chlorination and chloramination, AWWA-ANSI C-651-05 mains, C-652-11 storage tanks, and C-654 wells.

In addition to Cal Water's Water Technology Training WMDVBE Scholarship Program, we also continue our partnership with California Water Association's (CWA) Utilities' Supplier Diversity Program (USDV) committee to provide advisory and resource support for the 2013-2014 USDV Mentor Protégé Pilot Program (MPPP). The USDV committee has hired Infinity Business Solutions, a woman and minority business enterprise (WMBE), to provide developmental assistance programs to WMDVBEs through the participating water companies. The objective of the MPPP is to provide professional guidance and support to the protégé businesses in a manner that will facilitate their growth and development. Protégés may receive technical, managerial, or any other mutually agreed-upon benefit from their mentor water companies, which will better position them to participate in contracting opportunities.

As we continue to develop and implement our strategy for incorporating supplier diversity into our business culture and procurement processes we remain diligent in our efforts to find qualified diverse suppliers, encouraging and assisting non-certified WMDVBEs with the certification process, and helping suppliers with expired certifications to recertify. We continue to build on relationships with our Chambers and Community-Based Organizations and to participate in outreach events at the CPUC business expos, trade fairs, meetings, conferences, and seminars throughout the state.

9.1.1 Internal & External WMDVBE Program Activities

Listed below are all activities California Water Service Company (Cal Water) participated in jointly with the CWA USDP team.

January 2013

- CUDC Monthly Meeting @ Burbank
- Joint Utilities Meeting via WebEx
- USDP Monthly Meeting @ Covina
- Cal Water – Management Trainee Supplier Diversity training @ Torrance

February 2013

- NARUC/UMA Winter Meeting @ Washington, DC
- CUDC Monthly Meeting via WebEx
- CWA Director's Meeting @ San Francisco
- SCMSDC Minority Business Opportunity Day @ City of Industry

March 2013

- CUDC Monthly Meeting @ Los Angeles
- CHCC Economic Summit @ Sacramento
- WBENC Summit and Salute @ Baltimore
- Joint Utilities Meeting via WebEx
- USDP Monthly Meeting @ Ontario
- Northern California Regional Business Matchmaking @ San Mateo

April 2013

- CPUC Best Practices Leadership Forum for Small Utilities @ San Francisco
- CPUC/PG&E Small Business Expo @ Bakersfield
- CUDC Monthly Meeting via WebEx
- NCMSDC Supplier Diversity Awards Gala @ San Francisco
- Joint Utilities Meeting @ Irvine
- USDP Monthly Meeting @ San Jose
- CPUC Small Utility Workshop @ Los Angeles

May 2013

- CUDC Monthly Meeting @ San Mateo
- USDP Monthly Meeting @ Garden Grove
- Keeping the Promise DVBE Business Alliance @ Garden Grove
- Edison Electric Institute Supplier Diversity @ Santa Clara
- CWA Spring Conference @ Sacramento

June 2013

- CPUC Small Utility Workshop
- AICOC @ Los Angeles
- CUDC Monthly Meeting via WebEx
- CPUC/CUDC Consulting Forum @ San Francisco
- USDP Monthly Meeting @ San Gabriel
- NAMC 44th Annual Conference @ Los Angeles
- WBENC Annual Conference @ Minneapolis

July 2013

- CUDC Monthly Meeting via WebEx
- Joint Utilities Meeting @ San Jose
- AICOC Expo 10th Anniversary @ Rancho Mirage
- ABA Makeover – Business Edition @ Los Angeles
- USDP Monthly Meeting @ San Jose
- USDP Inaugural Prime Contractors Meeting @ San Jose
- CPUC Small Utility Workshop @ San Francisco

August 2013

- NCMSSDC Minority Business Opportunity Expo @ Santa Clara
- CAHCC Annual Convention @ Oakland
- CALBCC Ron Brown Annual Conference @ Fresno
- Elite SDVOB Network National Conference @ San Diego
- DIR Strategies & Initiatives Seminar @ Atlanta
- USDP Monthly Meeting @ Coronado
- CUDC Monthly Meeting @ San Diego

September 2013

- USDP Monthly Meeting @ Ontario
- USDP SoCal Prime Contractors Meeting @ Ontario
- WBENC 10th Annual Conference @ Pasadena
- CAPCC/ABA Asian Business Summit @ San Diego
- San Joaquin County HCC Construction Procurement Expo @ Stockton
- ABA Annual Award Banquet @ Los Angeles

October 2013

- Joint Utilities Meeting @ Downey
- Cal Water – Managers’ Supplier Diversity Training @ San Jose
- ABA Inland Empire Procurement Expo @ Corona
- CPUC Small Business Expo @ Salinas
- CUDC Monthly Meeting @ Rosemead
- NAAC Economic Development Conference @ San Diego
- CUDC/Employ Commit; Mesa Leadership Conference @ San Diego
- USDP Monthly Meeting @ Downey
- NMSDC Annual Conference @ San Antonio

November 2013

- SoCal Gas/Elite SDVOB Procurement Conference @ Downey
- CWA Annual Conference @ Monterey
- USDP Monthly Meeting @ San Francisco
- CPUC En Banc Hearing @ San Francisco
- Cal Water – Managers’ Supplier Diversity Training @ San Jose (1 of 2)
- Cal Water – Managers’ Supplier Diversity Training @ San Jose (2 of 2)
- BBA Procure Exchange Summit @ Los Angeles
- SMUD /Sacramento Public Agency Consortium (SacPAC) @ Citrus Heights

December 2013

- Joint Utilities Meeting via Conference Call
- CUDC Monthly Meeting via Conference Call
- USDP Monthly Meeting @ San Jose

9.1.2 Summary of Purchases

Supplier Diversity Annual Results by Ethnicity

Line No.		2013				
		Direct \$	Tier II \$	Total \$	%	
1	Minority Men	Asian-Pacific	930,136	118,619	1,048,755	0.92%
2		African-American	308,531	224,235	532,766	0.47%
3		Hispanic	11,828,880	105,398	11,934,278	10.44%
4		Native-American	281,140	44,327	325,467	0.28%
5		Other				
6		Total Minority Men	\$13,348,687	\$492,579	\$13,841,266	12.11%
7	Minority Women	Asian-Pacific	1,234,989	608	1,235,597	1.08%
8		African-American	91,469	10,800	102,269	0.09%
9		Hispanic	953,068	237,762	1,190,830	1.04%
10		Native-American	75,491		75,491	0.07%
11		Other	12,933		12,933	0.01%
12		Total Minority Women	\$2,367,950	\$249,170	\$2,617,120	2.29%
13	Minority Business Enterprise (MBE)	\$15,716,637	\$741,749	\$16,458,386	14.40%	
14	Women Business Enterprise (WBE)	\$2,531,122	\$1,017,275	\$3,548,397	3.10%	
15	Subtotal Women & Minority Business Enterprise (WMBE)	\$18,247,759	\$1,759,024	\$20,006,783	17.50%	
16	Disabled Veteran Business Enterprise (DVBE)	\$42,893	\$1,345,120	\$1,388,013	1.21%	
17	Total WMDVBE	\$18,290,652	\$3,104,144	\$21,394,796	18.72%	
18	Gross Procurement			\$311,005,627		
19	Exclusions			\$196,708,190		
20	Net Procurement			\$114,297,437		

Supplier Diversity Annual Results by Standard Industrial Classification Codes (SIC Codes)

Line No.	SIC Code	Asian-Pacific	African-American	Hispanic	Native-American	Other	Total Minority (MBE)	Total Women (WBE)	Total Disabled Veteran (DVBE)	Total WMDVBE
1	07-Agricultural Services	100					100			100
2	14-Mining & Quarry			15,322			15,322			15,322
3	15-Building Const			33,734	75,491		109,225		1,331,870	1,441,095
4	16-Heavy Const			10,204,825			10,204,825	215,171	9,000	10,428,996
5	17-Special Trade	730,144		1,030,302	2,930		1,763,376	616,934	4,250	2,384,560
6	27-Printing & Publishing	292					292	63,838		64,130
7	28-Chemicals	177,347					177,347			177,347
8	32-Stone, Clay & Glass Prod.			39,753			39,753	76,976		116,729
9	34-Fabricated Metal			150,880			150,880	1,089		151,969
10	35-Industrial Equip							28,573		28,573
11	36-Electronic			226,275			226,275	182,812		409,087
12	37-Transportation Equip	52,085			272,110		324,195			324,195
13	38-Instruments			105,493			105,493			105,493
14	42-Trucking Warehousing			198,936	44,327		243,263	605,035		848,298
15	47-Transportation			136,366			136,366			136,366
16	49-Sanitary Services							2,448		2,448
17	50-Durable Goods	296	224,235	49,917			274,448	202,816		477,264
18	51-Nondurable Goods			423,459			423,459	3,664		427,122

Supplier Diversity Annual Results by Standard Industrial Classification Codes (SIC Codes) - Continued

Line No.	SIC Code	Asian-Pacific	African-American	Hispanic	Native-American	Other	Total Minority (MBE)	Total Women (WBE)	Total Disabled Veteran (DVBE)	Total WMDVBE
19	55-Auto Dealers		237	36,960			37,197			37,197
20	56-Apparel Stores			29,918			29,918			29,918
21	57-Furniture			10,962			10,962	136	3,724	14,822
22	58-Eating Places	39,787					39,787			39,787
23	62-Security & Commodity Brokers		297,172				297,172			297,172
24	65-Real Estate							303		303
25	73-Business Services	795,971	80,548	346,143		9,075	1,231,737	822,531	500	2,054,768
26	75-Auto Repair					3,858	3,858			3,858
27	76-Misc Repair	475					475	329		804
28	80-Health Services		16,501				16,501			16,501
29	81-Legal Services	7,385	990				8,375	13,409		21,784
30	87-Engineering & Mgmt Services	480,470	15,352	85,863	6,100		587,785	712,333	38,670	1,338,788
31	Total \$	2,284,351	635,036	13,125,109	400,958	12,933	16,458,387	3,548,397	1,388,014	21,394,796

9.1.3 Program Expenses

Line No.	Program Expense Category	2013
1	Wages	242,362
2	Other Employment Expenses	10,766
3	Program Expenses	3,133
4	Reporting Expenses	1,379
5	Training *	
6	Consultants	53,138
7	Other Employment Expenses	6,570
8	Total	\$317,348

- Wages: salary and payroll-related costs of permanent and temporary employees working on WMDVBE matters
- Other Employment Expenses: office space, travel, and non-wage costs
- Program Expenses: printing, postage, supplies, outreach, and other costs directly related to programs
- Reporting Expenses: computer, accounting, and other expenses in preparing reports to the CPUC
- Training: costs related to training employees (internal) and suppliers (external) *Included in Wages
- Consultants: Cal Water's portion of CWA USDP consultant fees
- Other: Cal Water's portion of expenses captured and disbursed by CWA for Class A Companies' USDP and Cal Water's cost for the CPUC Supplier Diversity Clearinghouse

9.1.4 Progress in Meeting or Exceeding Goals

Line No.	Category	Current Year Results	Current Year Goals
1	Minority Men	12.1%	12.0%
2	Minority Women	2.3%	3.0%
3	Minority Business Enterprise (MBE)	14.4%	15.0%
4	Women Business Enterprise (WBE)	3.1%	5.0%
5	Subtotal Women & Minority Business Enterprise (WMBE)	17.5%	20.0%
6	Disabled Veteran Business Enterprise (DVBE)	1.2%	1.5%
7	Total WMDVBE	18.7%	21.5%

California Water Service Company spent 18.7% of our discretionary spending with WMDVBES in 2013. This represents \$21.4M spending with WMDVBES, \$10.2M more than the amount spent in 2012.

9.1.5 Summary of WMDVBE Subcontractors

Line No.		Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women & Minority Business Enterprise (WMBE)	Disabled Veteran Business Enterprise (DVBE)	Total WMDVBE
1	Direct \$	13,348,687	2,367,950	15,716,637	2,531,122	18,247,759	42,893	18,290,652
2	Subcontracting \$	492,579	249,170	741,749	1,017,275	1,759,024	1,345,120	3,104,144
3	Total \$	13,841,266	2,617,120	16,458,386	3,548,397	20,006,783	1,388,013	21,394,796
4	Direct %	11.68%	2.07%	13.75%	2.21%	15.97%	0.04%	16.00%
5	Subcontracting %	0.43%	0.22%	0.65%	0.89%	1.54%	0.00%	2.72%
6	Total %	12.11%	2.29%	14.40%	3.10%	17.50%	1.21%	18.72%
7	Net Procurement							\$114,297,437

This year, the WMDVBE Tier II Subcontracting results were significantly higher than in 2012. Our prime contractors reported over \$3.1M subcontracting with certified diverse business, an increase of 271% in 2013.

In 2013, we continued to encourage our prime suppliers to provide maximum practicable opportunities to WMDVBE subcontractors on Cal Water-related projects. In July 2013, Cal Water’s San Jose headquarters was host to the inaugural CWA USDP Prime Contractors Meeting for the purpose of providing information about the Supplier Diversity Subcontracting Tier II Program, Supplier Diversity Best Practices, and WMDVBE subcontracting reporting requirements. The event was repeated in southern California in September, and both events were very well attended. Cal Water is committed to assisting prime suppliers develop their WMDVBE subcontracting programs, providing assistance in locating certified suppliers, and communicating benefits of CPUC Clearinghouse certification to the non-certified minority subcontractors.

Cal Water President/CEO Marty Kropelnicki was pleased to present West Valley Construction Company President Kevin Kelly with the “California Water Service Company 2013 Prime Contractor Tier II Supplier Diversity Award” in recognition of West Valley’s 2013 Tier II subcontracting results, and its continued efforts to further promote the utilization of women-, minority-, and disabled veteran-owned business enterprises.



9.1.6 Complaints

No complaints were received in 2013.

9.1.7 Excluded Categories

Line No.	Description	
1	Total Payments	\$311,005,627
	Description of Exclusion	
2	Purchased Power and Water	186,328,670
3	Pump Taxes	10,379,519
4	Total Exclusions	196,708,190
5	Total Supplier Payments	\$114,297,437

9.1.8 Supplier Recruitment in Under-Utilized Areas

The following table illustrates the extent to which non-WMDVBE law firms, retained by Cal Water's legal department, have assigned WMDV attorneys and paralegals to work on Cal Water engagements.

ATTORNEY TIME BILLED IN 2013			
Line No.			TOTAL \$
1	ALL MEN		\$1,601,119
2	MINORITY MEN	ASIAN-PACIFIC MEN	\$15,055
3		AFRICAN-AMERICAN MEN	\$0
4		HISPANIC MEN	\$26,138
5		NATIVE-AMERICAN MEN	\$0
6		MULTI-ETHNIC MEN	\$0
7		TOTAL MINORITY MEN	\$41,193
8	ALL WOMEN		\$880,346
9	MINORITY WOMEN	ASIAN-PACIFIC WOMEN	\$184,550
10		AFRICAN-AMERICAN WOMEN	\$48,458
11		HISPANIC WOMEN	\$2,555
12		NATIVE-AMERICAN WOMEN	\$0
13		MULTI-ETHNIC WOMEN	\$6,480
14		TOTAL MINORITY WOMEN	\$242,043
15	TOTAL MINORITY (LINES 7 & 14)		\$283,236
16	NON-MINORITY WOMEN		\$638,303
17	SERVICE-DISABLED VETERANS		\$0
18	TOTAL MINORITY, NON-MINORITY WOMEN & SERVICE-DISABLED VETERANS (LINES 15, 16 & 17)		\$921,539

PARALEGAL TIME BILLED IN 2013			
Line No.			TOTAL \$
1	ALL MEN		\$42,552
2	MINORITY MEN	ASIAN-PACIFIC MEN	\$0
3		AFRICAN-AMERICAN MEN	\$682
4		HISPANIC MEN	\$15,451
5		NATIVE-AMERICAN MEN	\$0
6		MULTI-ETHNIC MEN	\$0
7		TOTAL MINORITY MEN	\$16,133
8	ALL WOMEN		\$30,554
9	MINORITY WOMEN	ASIAN-PACIFIC WOMEN	\$868
10		AFRICAN-AMERICAN WOMEN	\$0
11		HISPANIC WOMEN	\$1,098
12		NATIVE-AMERICAN WOMEN	\$0
13		MULTI-ETHNIC WOMEN	\$0
14		TOTAL MINORITY WOMEN	\$1,966
15	TOTAL MINORITY (LINES 7 & 14)		\$18,099
16	NON-MINORITY WOMEN		\$21,831
17	SERVICE-DISABLED VETERANS		\$0
18	TOTAL MINORITY, NON-MINORITY WOMEN & SERVICE-DISABLED VETERANS (LINES 15, 16 & 17)		\$39,930

9.1.9 Justification of Excluded Areas

The amount shown on Table 9.1.7, Line No. 5, "Total Exclusions \$", is the total of \$196,708,190 in payments made in the categories of Purchased Water, Purchased Power, and Replenishment Fees (pump taxes). Other categories subject to Section 8.9, Other Utilities, Taxes, Franchise Fees, and Postage have not been included in the gross procurement. The reporting of these categories as "Exclusions" on Table 9.1.7 by water companies is intended to provide information to staff regarding these categories and to be consistent with the procurement reporting of the energy companies. This procurement reporting specification for water companies was a result of workshops convened by the Commission's Utility Supplier Diversity Program staff, pursuant to Ordering Paragraph No. 4 of D11-050-019 (in R.09-07-027), and subsequent additional discussions, in order for the staff and utilities to reach a common understanding of what is to be reported as a result of the amendments to General Order 156, and to address and resolve any confusion regarding adaptation of the water companies' procurement reporting to General Order 156 requirements.

Qualitative Reporting Scorecard

California Water Service Company submits the following table at the request of the Commission's Supplier Diversity staff members in 2013. The purpose of the "Scorecard" table is to demonstrate the Company's compliance with GO 156 requirements.

GO 156 OIR SCORECARD FOR CALIFORNIA WATER SERVICE COMPANY										
Year	Capacity Building & Technical Assistance	Mentor Program	Employee Education on Supplier Diversity	Outreach & Comm. on Supplier Diversity	Mandatory Requirement of TIER II Sub-Contractors	Number of New Cal Water WMDVBE Vendors	Total Value of Cal Water Contracts Awarded to WMDVBEs Under \$1M	Number of Cal Water Contracts Awarded to WMDVBE Vendors That are Under \$1M	Number of Cal Water Contracts Awarded to WMDVBE Vendors That are \$1M - \$5M	Number of Cal Water Contracts Awarded to WMDVBE Vendors That are Over \$5M
2011	No	No	Yes	Yes	No	44	N/A	N/A	N/A	N/A
2012	Yes	No	Yes	Yes	No	74	\$5,466,567	68	0	1
2013	Yes	Yes	Yes	Yes	No	103	\$8,147,028	112	0	1

2014 Annual Plan

Section 10.1.1 WMDVBE Annual Goals for 2014

Cal Water's goal for WMDVBE procurement spending in 2014 is 21.5%.

Section 10.1.2 Program Activities Planned for 2014

In 2014, Cal Water plans to continue its internal and external communication efforts. Cal Water's focus will be on collaboration with each of the district buyers to assist with locating and matching buyers' needs with qualified WMDVBEs. We will continue to communicate program goals, outreach events, and success stories using the Company's intranet and web site.

Cal Water will make every effort to increase the number of WMDVBE suppliers in our supplier database through outreach events that support the Company's supplier outreach objectives. In addition, Cal Water will be reaching out to all non-certified WMDVBEs to communicate the benefits of certification to future their opportunities with other regulated utilities under General Order 156.

Cal Water will work together with CWA and its member utilities in the area of capacity-building and technical assistance programs, in addition to Cal Water's own Water Technology Training WMDVBE Scholarship Program.

Cal Water will continue to look for opportunities for WMDVBE participation through the competitive bid process. To that end, Cal Water will develop a RFP/RFQ WMDVBE-inclusion tracking mechanism and reporting tool that supports the Company's WMDVBE Purchasing Policy.

Section 10.1.3 Supplier Recruitment in Under-Utilized Areas

Cal Water's 2014 program activities include outreach, communication, and partnerships with WMDVBE suppliers in the under-utilized areas. Cal Water will continue to work with CPUC, Community Based Organizations (CBOs), CUDC, Joint Utilities, and USDP to increase procurement opportunities of WMDVBEs in the following areas:

- Service-Disabled Veterans Business Enterprises
- African-American Business Enterprises
- Native-American Business Enterprises

- WMDVBE Investment Banking
- WMDVBE Finance & Accounting
- WMDVBE Insurance and Real Estate
- WMDVBE Legal Firms
- WMDVBE Advertising & Water Conservation Agencies

10.1.4 Recruiting WMDVBEs in Excluded Categories

Not applicable

Section 10.1.5 Plans for Subcontracting

In 2014, we will continue to work with prime contractors to enlist their support and development of a robust WMDVBE Tier II subcontractor program that meets Cal Water's WMDVBE Tier II objectives. Cal Water will assist prime contractors with WMDVBE sourcing efforts, helping to identify certified WMDVBE's for subcontractor opportunities. In addition, all contracts extended to prime suppliers will include language that supports WMDVBE subcontracting goals.

We will continue to work with our prime suppliers to identify and extend subcontracting opportunities to WMDVBEs, with a goal to achieve a long-term goal of 21.5% spending with WMDVBE subcontractors. Cal Water will work with the CWA USDP Committee in 2014 to host two Prime Contractor Business Opportunity & Matchmaking events in northern and southern California.

Section 10.1.6 Complying with WMDVBE Program Guidelines

Cal Water intends to comply with the WMDVBE program guidelines established by the Commission as required by Public Utilities Section 8283(c). The CPUC Executive Director's Office will be responsible for developing, periodically refining, and recommending such guidelines for the Commission's adoption in an appropriate procedural forum.

Cal Water will continue to comply with General Order 156 program guideline. In 2014, Cal Water will participate in the CPUC's Supplier Diversity Forums and Workshops as requested, and work in partnership with the California Water Association and Joint Utilities to address the challenges faced by WMDVBEs in the procurement process.

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