



SOUTHERN CALIFORNIA
EDISON[®]

An EDISON INTERNATIONAL[®] Company

Supplier Diversity 2015 Annual Report / 2016 Annual Plan

Evolve

Advance

Deliver



We believe a strong commitment to diversity and inclusion inspires creativity, innovation and a sense of pride among our workforce, the communities we serve, and **suppliers in the marketplace.**

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Evolve Advance Deliver

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President's Message

It's no secret that our industry is changing as a result of new clean-energy technologies. It also should come as no surprise that we aspire to lead the transformation of the electric sector and redefine what it means to be a utility.

As we strive towards these goals, we are well aware of the importance of supplier diversity in our operations as well as in our communities. We have long known that having a supplier base that reflects our customer base enhances our ability to remain competitive while contributing to healthier and more vibrant local economies.

Like other company practices, our supplier diversity initiatives are evolving to remain relevant. We are advancing our efforts to help diverse firms strengthen their capabilities so they can grow and become more successful and deliver economic value to our customers and our communities.

I'm pleased to report that our efforts are paying off. In 2015, we achieved 42.9%, or \$1.8 billion, of our total purchases with diverse firms. This was the third straight year that we exceeded our aspirational goal of 40% with diverse suppliers.

Our achievements included adding more than 100 new diverse firms to our supplier base and sponsoring five "Meet the Primes" match-making events to connect nearly 350 diverse firms with 43 prime suppliers for subcontracting opportunities. In addition, EDGE (Entrepreneurial Development, Growth and Education), our supplier development initiative, had seven diverse firms participate in our Mentorship Program, and several were awarded contracts totaling over \$25 million.

We intend to increase our momentum in 2016. We will continue to focus our activities on technical assistance, capacity building, and outreach activities, but more than that, we will challenge ourselves to think and act differently to take our Supplier Diversity Program to new heights.

This is necessary on our "Journey to Great"—a phrase that describes our commitment to continuous improvement and the importance of expanding the value we provide to our customers, employees, business partners, and others.

I am proud of SCE's longtime commitment to supplier diversity, and look forward to greater collaboration to evolve our programs and advance supplier diversity together.

Pedro J. Pizarro, *President*
SOUTHERN CALIFORNIA EDISON

“We are evolving with the changing times, innovating to advance our leadership in supplier diversity, and delivering economic benefits to sustain healthy communities.”

– Pedro J. Pizarro

Evolve

(e-volve): *to develop gradually*

Advance

(ad-vance): *to move or bring forward*

Deliver

(de-liv-er): *to do or carry out as promised*

2015 Supplier Diversity Highlights

\$1.8 billion,
or **42.9%**, spent
with diverse firms



700+
diverse suppliers



\$424 million
DIVERSE
subcontracting
spend



9
DIVERSE FIRMS
among SCE's
top 25 suppliers



\$25 million +
contracts awarded
through EDGE



\$282 million
power/natural gas purchases
with diverse firms



58%
natural gas
deliveries from
DIVERSE SUPPLIERS



\$2 billion
of SCE's capital market
transactions co-managed by
16 diverse firms



150+
outreach events sponsored
and/or supported



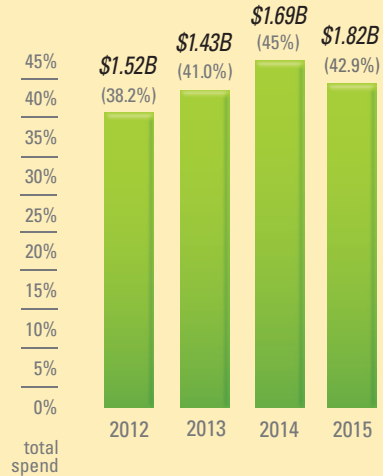
500+
Contract Readiness
workshop attendees



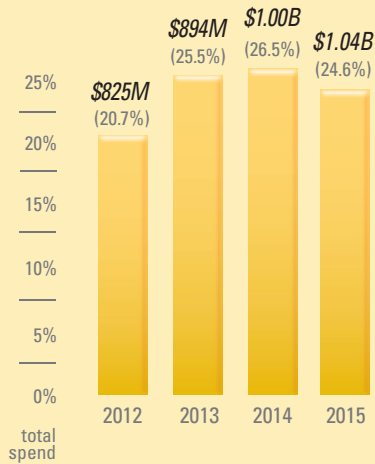
Supplier Diversity Spend Results

SCE continued to make **progress** in diverse spend areas and will continue to **partner** with advocacy organizations to engage and grow **diverse suppliers**. In addition, we will focus on identifying and **including** lesbian, gay, bisexual and transgender business enterprises (LGBTBEs) in our **supplier base**.

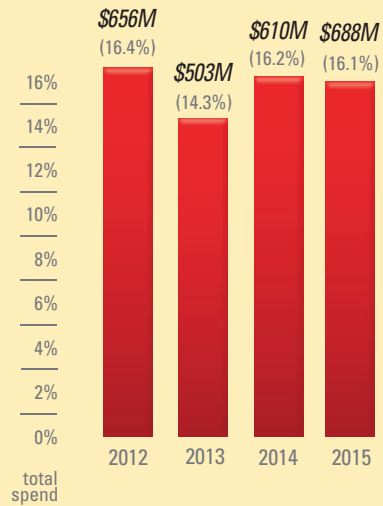
Woman, Minority, Disabled Veteran Business Enterprises



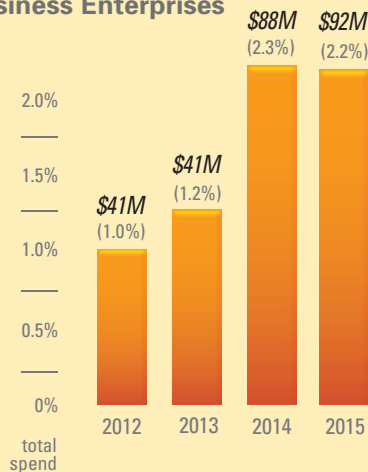
Minority Business Enterprises



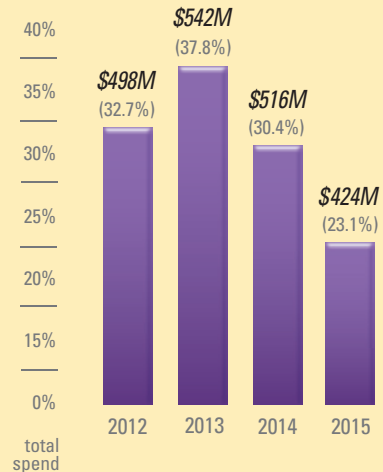
Woman Business Enterprises



Disabled Veteran Business Enterprises



Diverse Subcontracting



INTERNAL/EXTERNAL ACTIVITIES (9.1.1)

At SCE, supplier diversity is a core business strategy that supports our mission to safely provide reliable, affordable, and clean energy. Our Supplier Diversity Program focuses on three main areas: supplier development, contracting opportunities, and targeted outreach.

In 2015, we continued to execute our Supplier Diversity Sustainability Strategy, which focuses on collaboration with key internal and external partners so we can further provide opportunities for small and diverse firms to do business with us and others.

Internal Activities

Internal activities in 2015 to further our supplier diversity commitment included:

Supplier Diversity and Development Leadership Council

The council is a group of senior managers and executives from across the company who provide guidance on supplier diversity goals, policies, programs, and strategies. In addition, the council exchanges information on best practices and identifies opportunities for diverse suppliers.

Supplier Diversity Spend Goals

Since 2013, our internal organizational units have set individual supplier diversity spend targets to support our overall corporate goal.



Diverse firms participate in a supplier diversity outreach event at SCE's Energy Education Center.

Procurement and Reporting Practices

Building productive partnerships within the Supply Management organization is a key part of our success. Our Procurement and Supply Excellence teams continued to identify contracting opportunities, provide access to diverse firms, and oversee the integrity of our purchasing and reporting processes.

As a general practice, supplier diversity is a standard topic at each bidders' conference and SCE aims for 50% diverse supplier participation in all competitive bids. In addition, internal stakeholders continued to utilize a dashboard to track spend results and increase their awareness of our supplier diversity goals.

Entrepreneurial Development Growth Education (EDGE)

We implemented a new structure for EDGE – our supplier development program to aid large and small diverse firms with their long-term growth and sustainability – to enhance technical assistance and capacity building training opportunities.

Our Supplier Diversity and Development team also organized and hosted a series of "Contract Readiness" workshops at SCE's Energy Education Center in Irwindale. More than 70 suppliers attended one or more of the following half-day workshops:

- **Value Proposition** – Understanding and defining core capabilities to clearly demonstrate the value proposition to potential clients.
- **Building Operational Capacity** – Assessing capacity beyond access to capital; and understanding total resource needs such as people, operational processes, technology, insurance, licenses, certifications, etc.
- **RFx Readiness** – Common approaches to consider when responding to RFx opportunities.
- **Effective Negotiations** – Tips to effectively negotiate multiple components of a contract, such as scope, payment terms, insurance requirements, etc.
- **Business Relationship Management** – Building and managing client relationships; and understanding your client, their needs and requirements.

“SCE has remained ahead of the pack in its steadfast commitment to advance current and prospective suppliers and help them grow through specific initiatives, training, and capacity development. Our company has tremendously benefited from SCE’s guidance. They are genuinely interested in helping us grow and develop relationships.”

Tom Nguyen, Senior Partner, WinCorp Solutions



These workshops, which received high marks from attendees, were led by five diverse business owners who incorporated their personal experiences in the curriculum.

In 2015, we completed the third class of our Mentorship Program, which included more than 150 professional coaching hours for seven diverse firms. The program’s goal is to provide a comprehensive and holistic development experience to help participants obtain contract opportunities with SCE and others.

While not guaranteed, several EDGE firms were awarded first-time opportunities or expanded their existing relationship with SCE, with contracts totaling more than \$25 million.

Recognition

We held our annual recognition event for employees who advanced our supplier diversity goals and objectives. SCE’s president and other senior executives were on-hand as we recognized more than 200 employees for their participation and support.

External Activities

We can’t deliver strong supplier diversity results year after year without numerous partners. SCE has built productive partnerships with more than 80 advocacy and business organizations to help small and diverse businesses grow and thrive.

Through these partnerships, we expanded our reach to diverse firms in the following ways:

- Sponsored five “Meet the Primes” matchmaking events, making possible 385 one-on-one meetings between 346 diverse firms and 43 prime suppliers. As supplier bases decline across industries, connecting diverse firms with potential subcontracting opportunities is an attractive alternative to direct contracting.
- Held 34 “Contract Readiness” workshops that were attended by more than 500 participants. These workshops were offered with EDGE to provide suppliers with technical assistance and capacity building development opportunities.
- Organized several events targeting African American suppliers. These outreach activities included technical assistance and capacity building programs in the areas of teaming, value proposition, operational capacity, etc.



SCE Chief Procurement Officer Doug Bauder speaks at the American Indian Chamber of Commerce of California's Expo in Rancho Mirage.

- Served as co-title sponsor of the U.S. Hispanic Chamber of Commerce Business Matchmaking session at its 2015 National Convention. More than 3,000 matchmaking meetings were facilitated between diverse business owners and procurement professionals from government agencies and Fortune 500 companies.
- Partnered with the Small Business Association (SBA) and the National Gay & Lesbian Chamber of Commerce (NGLCC) to host an "LGBT Builder" event at SCE's Energy Education Center, which attracted nearly 200 business owners, advocacy organizations, corporations, and others.
- Co-hosted an LGBTBE outreach event with the NGLCC, Desert Business Association and two other utilities in the Palm Springs area. The event had more than 20 LGBT business owners, who received information about the inclusion of LGBTBEs in the California Public Utilities Commission's (CPUC) General Order 156 and how to do business with utilities.
- Served as lead sponsor for the American Indian Chamber of Commerce of California's (AICCC) Expo held in Rancho Mirage. The gathering featured business capacity building/mentoring sessions, tribal leader economic development consultation, procurement panel discussions, one-on-one matchmaking, and a trade fair.
- Served as title sponsor for the National Elite Service-Disabled Veteran-Owned (SDVOB) Business Network convention. The event attracted 350 vendors and businesses and featured workshops, panels, meetings and a "Shark Tank" competition.
- Participated in the CPUC's Small Business Expos to help connect small businesses with utilities and government procurement specialists. The events reached over 800 small diverse businesses throughout the state.
- Co-title sponsored the Women's Business Enterprise Council-West Annual Procurement Conference, which attracted over 350 women business owners and corporate professionals.



"WBEC-West's mission is to cultivate sustainable relationships between certified women business enterprises (WBEs) and corporate America through certification, education, and targeted networking. SCE has helped us achieve our mission by not only participating in matchmakers, but facilitating and hosting industry-specific strategic matchmakers in Southern California, allowing WBEs to meet with SCE's prime suppliers to explore opportunities and build relationships. We want to thank SCE's Supplier Diversity team for the 1,000-plus strategic connections that they have moved forward."

*Dr. Pamela S. Williamson, President and CEO,
Women's Business Enterprise Council-West*

In addition, SCE contributed more than \$1 million to sponsor over 150 conferences and outreach events organized by our advocacy and business partners. We also continued to engage with our peers and various organizations to discuss our shared objectives, challenges, and goals for small and diverse businesses.

Diverse Organizations

In 2015, Supplier Diversity and Development supported several organizations through membership, sponsorship, board/council positions, etc. Among them:

African American Organizations

- Black Business Association – Los Angeles
- California Black Chamber of Commerce
- Fresno Metro Black Chamber of Commerce
- Greater Los Angeles African American Chamber of Commerce
- Moreno Valley Black Chamber of Commerce
- Orange County Black Chamber of Commerce
- Recycling Black Dollars
- Riverside Black Chamber of Commerce
- San Fernando Valley Black Chamber of Commerce
- U.S. Black Chamber of Commerce
- Young Black Contractors Association Inc.

Asian Pacific American Organizations

- Asian Business Association – Inland Empire
- Asian Business Association – Los Angeles
- Asian Business Association – Orange County
- California Asian Pacific Chamber of Commerce
- California Journal of Filipino Americans
- Chinese American Construction Professionals
- National Asian American Coalition
- U.S. Pan Asian American Chamber of Commerce



National Gay & Lesbian Chamber of Commerce SVP Sam McClure (left) talks to a supplier at an LGBT outreach event.

Hispanic American Organizations

- California Hispanic Chambers of Commerce
- Greater Riverside Hispanic Chamber of Commerce
- High Desert Chamber of Commerce
- Hispanic Lifestyle
- Inland Empire Hispanic Chamber of Commerce
- Latin Business Association
- Latina Global Entrepreneur Leadership Institute
- Los Angeles Latino Chamber of Commerce
- National Latina Business Women Association -- Inland Empire
- National Latina Business Women Association – Los Angeles
- Orange County Hispanic Chamber of Commerce
- Regional Hispanic Chamber of Commerce
The Latino Coalition
- Tulare Kings Hispanic Chamber of Commerce
- U.S. Hispanic Chambers of Commerce

Lesbian, Gay, Bisexual & Transgender Organizations

- Desert Business Association
- Golden Gate Business Association
- Long Beach Gay & Lesbian Chamber of Commerce
- Los Angeles Gay & Lesbian Chamber of Commerce
- National Gay & Lesbian Chamber of Commerce



SCE Supplier Diversity and Development Manager Dennis Thurston accepts award from the American Indian Chamber of Commerce of California's Tracy Stanhoff and Olivia Walls.

Native American Organizations

- American Indian Chamber of Commerce of California
- American Indian Chamber of Commerce of California – Northern California
- American Indian Chamber of Commerce of California – Southern California
- American Indian National Chamber
- National Center for American Indian Enterprise Development
- Walking Shield

Disabled Veteran Organizations

- Disabled Veteran Business Alliance – Inland Valley
- Disabled Veteran Business Alliance – Orange County
- Disabled Veteran Business Alliance – San Diego
- Elite Service-Disabled Veteran-Owned Business Network – Inland Empire
- Elite Service-Disabled Veteran-Owned Business Network – Orange County

- Elite Service-Disabled Veteran-Owned Business Network – San Diego
- Hire A Patriot
- National Elite Service-Disabled Veteran-Owned Business Network

Women Organizations

- National Association of Women Business Owners – Los Angeles
- National Association of Women Business Owners – Orange County
- Women's Business Enterprise Council-West
- Women's Business Enterprise National Council

Other Organizations

- National Association of Minorities in Energy
- National Association of Minority Companies
- National Association of Minority Contractors
- National Minority Supplier Development Council
- Southern California Minority Supplier Development Council



Tarrance Frierson of SCE's Supplier Diversity and Development meets with a supplier at Southern California Minority Supplier Development Council's Minority Business Opportunity Day.

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2)

WMDVBE Annual Results by Ethnicity						
2015						
			Direct	Sub	Total \$	%
1.	Minority Male	Asian Pacific American	\$146,211,728	\$19,737,438	\$165,949,166	3.9%
2.		African American	\$56,127,805	\$24,403,858	\$80,531,663	1.9%
3.		Hispanic American	\$448,578,587	\$100,530,019	\$549,108,606	12.9%
4.		Native American	\$69,769,274	\$2,871,103	\$72,640,377	1.7%
5.		Other*	\$549,899	\$728,555	\$1,278,454	0.0%
6.		Total Minority Male		\$721,237,293	\$148,270,973	\$869,508,266
7.	Minority Female	Asian Pacific American	\$35,794,733	\$43,045,882	\$78,840,615	1.8%
8.		African American	\$29,930,840	\$111,107	\$30,041,947	0.7%
9.		Hispanic American	\$31,213,223	\$35,250,780	\$66,464,003	1.6%
10.		Native American	\$3,299,980	\$281,569	\$3,581,549	0.1%
11.		Other*	\$1,435	\$28,320	\$29,755	0.0%
12.		Total Minority Female		\$100,240,211	\$78,717,658	\$178,957,869
13.	Total Minority Business Enterprise (MBE)		\$821,477,503	\$226,988,631	\$1,048,466,135	24.6%
14.	Woman Business Enterprise (WBE)		\$529,689,052	\$158,757,053	\$688,446,105	16.1%
15.	Subtotal Woman, Minority Business Enterprise (WMBE)		\$1,351,166,555	\$385,745,684	\$1,736,912,240	40.7%
16.	Disabled Veteran Business Enterprise (DVBE)		\$53,832,170	\$38,642,133	\$92,474,303	2.2%
17.	TOTAL WMDVBE		\$1,404,998,726	\$424,387,817	\$1,829,386,543	42.9%
18.	Net Procurement**		\$4,263,898,519			

NOTE: *Other Minority – Certified as “Other” by Supplier Clearinghouse.
 **NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS.
 Pursuant to CPUC Decision D.15-06-007, LGBTBE spend not required in 2015 annual report.
 Rounding applied with all numeric values in the table above.

PROGRAM EXPENSES (9.1.3)

Expense Category	2015
Wages	\$1,156,753
Other Employee Expenses	\$184,670
Reporting Expenses	\$131,225
Sponsorships/Other	\$1,613,703
Consultants	\$239,530
EDGE Program Expenses	\$341,621

GOAL PROGRESS (9.1.4)

Category	Current Year Results	Current Year Goals
Minority Male	20.4%	10.0%
Minority Female	4.2%	5.0%
Minority Business Enterprise (MBE)	24.6%	15.0%
Woman Business Enterprise (WBE)	16.1%	5.0%
Subtotal of Woman, Minority Business Enterprise (WMBE)	40.7%	20.0%
Disabled Veteran Business Enterprise (DVBE)	2.2%	1.5%
TOTAL WMDVBE	42.9%	40.0%

NOTE: Pursuant to CPUC Decision D.15-06-007, LGBTBE spend not required in 2015 annual report.

SUBCONTRACTORS (9.1.5)

A summary of 2015 Prime Contractor Utilization of WMDVBE Subcontractors								
	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Woman Business Enterprise (WBE)	Woman Minority Business Enterprise (WMBE)	Disabled Veteran Enterprise (DVBE)	TOTAL WMDVBE	
Direct \$	\$721,237,293	\$100,240,211	\$821,477,503	\$529,689,052	\$1,351,166,555	\$53,832,170	\$1,404,998,726	
Subcontracting \$	\$148,270,973	\$78,717,658	\$226,988,631	\$158,757,053	\$385,745,684	\$38,642,133	\$424,387,817	
TOTAL \$	\$869,508,266	\$178,957,869	\$1,048,466,135	\$688,446,105	\$1,736,912,240	\$92,474,303	\$1,829,386,543	
Direct \$	16.9%	2.4%	19.3%	12.4%	31.7%	1.3%	33.0%	
Subcontracting \$	3.5%	1.8%	5.3%	3.7%	9.0%	0.9%	10.0%	
TOTAL \$	20.4%	4.2%	24.6%	16.1%	40.7%	2.2%	42.9%	
Net Procurement	\$	4,263,898,519						

NOTE: Pursuant to CPUC Decision D.15-06-007, LGBTBE spend not required in 2015 annual report. Rounding applied with all numeric values in the table above.

COMPLAINTS (9.1.6)

SCE did not receive any formal complaints in 2015.

DIVERSE SUPPLIERS IN LOW-UTILIZATION AREAS (9.1.8)

Identifying firms that meet our business and procurement requirements can be challenging in certain areas. However, SCE continues to make it a priority to connect small and diverse businesses with contracting opportunities in all procurement categories, as appropriate.

While financial and legal services have traditionally been considered low-utilized procurement areas among California utilities, we believe that with our ongoing progress, that characterization is no longer warranted. We appreciate the CPUC’s shared interest to revisit this, given our spend results and changing business environment.

FINANCIAL SERVICES

Our Finance organization continued to place a special focus on utilizing diverse financial firms with opportunities in investment banking, investment management and commercial banking. Our internal and external outreach efforts to increase the awareness of diverse financial firms and provide access to potential contracting opportunities contributed to the following 2015 achievements:

- 16 diverse firms appointed to co-manage \$2 billion of capital market financing transactions, with over \$2.1 million of total underwriting fees paid to these firms
- \$1.8 billion of short-term securities issued through a diverse dealer
- \$41 million in money market investments through diverse brokers
- \$21 million in deposits with minority-owned banks
- \$1 billion in assets under management by diverse fund managers
- 14% (\$354 million) of all investment fund equity trades executed through diverse brokers

2015 WMDVBE Investment Bank Utilization				
Type of Transaction	Amount	WMDVBE Category	Role	% Allocated to Firm
First Mortgage Bonds	\$550 million	MBE	Co-Manager	1.9%
		DVBE	Co-Manager	1.9%
		MBE	Co-Manager	1.9%
		MBE	Co-Manager	1.9%
		WBE	Co-Manager	1.9%
		WBE	Co-Manager	0.9%
		DVBE	Co-Manager	0.9%
		DVBE	Co-Manager	0.9%
		MBE	Co-Manager	2.8%
First Mortgage Bonds	\$325 million	MBE	Co-Manager	1.9%
		DVBE	Co-Manager	1.9%
		MBE	Co-Manager	1.9%
		MBE	Co-Manager	1.9%
		WBE	Co-Manager	1.9%
		WBE	Co-Manager	0.9%
		DVBE	Co-Manager	0.9%
		DVBE	Co-Manager	0.9%
		MBE	Co-Manager	2.8%
First Mortgage Bonds	\$425 million	MBE	Co-Manager	1.9%
		DVBE	Co-Manager	1.9%
		MBE	Co-Manager	1.9%
		MBE	Co-Manager	1.9%
		WBE	Co-Manager	1.9%
		WBE	Co-Manager	0.9%
		DVBE	Co-Manager	0.9%
		DVBE	Co-Manager	0.9%
		MBE	Co-Manager	2.8%
Preference Stock	\$325 million	MBE	Co-Manager	3.5%
		MBE	Co-Manager	1.0%
		WBE	Co-Manager	2.0%
		MBE	Co-Manager	3.5%

SCE also continued to employ diverse business consultants and professionals in various other financial service areas, including accounting, remittance processing, accounts payable, tax, auditing, regulatory finance, general rate case, compliance, and business process and system reengineering. The following are some highlights:

- Contracted with an African American-owned CPA firm – with whom we have a 14-year relationship – to audit various pension and benefit funds, as well as prepare financial statements for the Nuclear Decommissioning Trusts (NDTs).
- Utilized a Hispanic-owned firm to review our General Order 77 annual filing with the CPUC.
- Engaged a woman-owned consulting firm, who has worked with us since 2006, to manage various regulatory proceedings.
- Contracted a woman-owned consulting firm to review SCE's accounts receivable operations.

“For entrepreneurs, the most exciting day is when a first-time client chooses their firm for a business opportunity. SCE stands out as the first client to make that day a reality by awarding Apto Partners its initial investment banking mandate. It was truly a powerful vote of confidence...SCE delivers tangible results for minority companies by investing in their success through a thoughtful relationship-building and partnership approach, which leads to long-term viability.”

Juan D. Espinosa, President and CEO, Apto Partners, LLC



LEGAL SERVICES

SCE’s Law Department continued to work towards increasing opportunities with diverse law firms. As a result, \$4.9 million was spent with these firms, representing 12.7% of our total expenditures on outside law firms.

In 2015, diverse law firms performed legal services in most of our areas of practice, such as claims and commercial litigation, regulatory, labor and environmental.

Our efforts were focused on the following: women and minority-owned law firms, minority attorneys in majority-owned firms, outreach, and pipeline efforts.

Women and Minority-Owned Law Firms

Two diverse law firms performed a significant amount of work for SCE, and as a result, these were in the top 10 law firms (based on fees paid by the Law Department).

Minority Attorneys in Majority-Owned Firms

As directed by the CPUC, we have been providing information on the contract dollars spent with major law firms for work performed by diverse attorneys as well as paralegals. The major firms that provided data on page 16 represents eight of SCE’s top 10 major law firms (not certified). As noted earlier, the top 10 major law firms include two certified firms, so the data on these firms are excluded from the

chart. The information related to the two certified law firms is included as part of SCE’s diverse spend percentage.

Outreach

As a founding member, SCE continued our support of the Leadership Council on Legal Diversity (LCLD), a national organization dedicated to increasing diversity in the legal profession. LCLD is comprised of the general counsels of Fortune 500 companies and managing partners of the largest firms in the country. In 2015, two attorneys from SCE’s Law Department participated in the LCLD program, and SCE hosted a luncheon for LCLD fellows to meet our general counsel.

Several SCE attorneys are members and/or participate in various legal associations focused on ethnic diversity in the profession, such as: John Langston Bar Association, Hispanic National Bar Association, Korean American Bar Association of Southern California, Philippine American Bar Association, and Mexican American Bar Foundation.

In 2015, an assistant general counsel from SCE spoke on a panel sponsored by the Conference of California Public Utilities Counsel on the topic of “Diversity in the Legal Profession within the Utility Sector.” Another attorney from SCE’s Law Department participated on a panel sponsored by a major law firm for its Fellows Program, which encourages diversity in the legal profession.

SCE is proud to be the recipient of the Minority Corporate Counsel Association's 2015 Employer of Choice Award for the Western Region, which celebrates the Law Department's contributions in the advancement of diversity and inclusion in the legal profession.

Pipeline Efforts

The Law Department continued to be involved in initiatives aimed at introducing diverse students to the legal profession to help ensure a steady flow of diverse attorneys for the future.

Among our activities:

- Through the StreetLaw Program, SCE attorneys visited three high schools to teach one-hour sessions on a substantive area of law, such as the First Amendment, intellectual property, and search and seizure. Students also took part in an all-day workshop at SCE's headquarters to gain a better understanding of the type of work that attorneys manage on a daily basis.
- Four SCE attorneys and paralegals volunteered three times a week at Monterey Highlands School to help prepare students for the Constitutional Rights Foundation's high school mock-trial competition. Additional SCE attorneys also assisted as practice judges and scorers for the competition.
- We again sponsored and funded a diversity scholarship for a first-year law student through the California Bar Foundation.

RETENTION OF ALL DOCUMENTS/DATA (9.1.9)

All documents and data related to the General Order 156 (Supplier Diversity) annual report are preserved for: (a) three years or (b) the timeframe that is in compliance with SCE's internal records retention policy, whichever comes later.

ADDITIONAL WMDVBE ACTIVITY (9.1.10)

A strategic focus area for SCE is the grid of the future. Our Advanced Technology group monitors, identifies, tests, and evaluates technologies that support and maintain a safe, reliable, affordable, and secure electric grid. Moreover, Advanced Technology seeks

to empower customers with more options and greater control to manage their energy usage. Smart grid and Electric Program Investment Charge (EPIC) are two additional opportunity areas for diverse firms.

Smart Grid

A smart grid vision shapes the future and SCE is making real-time investments to support modernizing the grid. In 2015, we had several active projects, including hosting lab tours for various public groups. Also, our Supplier Diversity and Development team arranged tours as educational opportunities for diverse suppliers.

Electric Program Investment Charge

In 2012, the CPUC established the EPIC program to fund electric public interest investments in applied research and development, technology demonstration and deployment (TD&D), market support, and market facilitation of clean-energy technologies and approaches.

The California Energy Commission is the administrator for 80% of EPIC funds. The remaining 20% of program funding is reserved for Pacific Gas & Electric, San Diego Gas & Electric and SCE to collectively administer TD&D activities on behalf of their customers.

In April 2015, the CPUC approved SCE's 2015-2017 Triennial Investment Plan and the EPIC team embraced efforts to engage diverse firms throughout the year. Our outreach efforts included joining EPIC administrators to host public workshops and stakeholder meetings to increase awareness of the program and potential procurement opportunities.

In compliance with General Order 156 annual report requirements, we are incorporating by reference SCE's Annual Report on the Status of the Electric Program Investment Charge Program, which was submitted February 2016 to the CPUC and provides detailed information about SCE's EPIC-funded activities.

Southern California Edison Law Department—CPUC Outside Counsel Diversity				
Line No.				Total (\$)
Attorney time billed in 2015				
1.	All Male			\$17,613,193
2.	Minority	Asian Pacific American		\$678,275
3.		African American		\$192,480
4.		Hispanic American		\$267,933
5.		Native American		\$0.00
6.		Multi-Ethnic American		\$619,751
7.		Total Minority Male		\$1,758,439
8.	All Female			\$7,359,812
9.	Minority	Asian Pacific American		\$178,678
10.		African American		\$93,144
11.		Hispanic American		\$271,141
12.		Native American		\$0.00
13.		Multi-Ethnic American		\$720,330
14.		Total Minority Female		\$1,263,293
15.		Total Minority		\$3,021,732
16.	Non-Minority			\$6,096,519
17.	Disabled Veteran			\$0.00
18.	Total Minority, Non-Minority Female & Veterans			\$9,118,250

Southern California Edison Law Department—CPUC Outside Counsel Diversity				
Line No.				Total (\$)
Paralegal time billed in 2015				
1.	All Male			\$400,805
2.	Minority	Asian Pacific American		\$0.00
3.		African American		\$1,470
4.		Hispanic American		\$466
5.		Native American		\$0.00
6.		Multi-Ethnic American		\$0.00
7.		Total Minority Male		\$1,935
8.	All Female			\$380,509
9.	Minority	Asian Pacific American		\$230,304
10.		African American		\$3,308
11.		Hispanic American		\$8,369
12.		Native American		\$0.00
13.		Multi-Ethnic American		\$0.00
14.		Total Minority Female		\$241,980
15.		Total Minority		\$243,916
16.	Non-Minority			\$138,528
17.	Disabled Veteran			\$0.00
18.	Total Minority, Non-Minority Female & Veterans			\$382,444

2016 ANNUAL PLAN

Evolve
Advance
Deliver

GOALS (10.1.1)

WMDVBE Annual Short-, Mid- and Long-Term Goals														
PRODUCTS														
Short-Term (2016)					Mid-Term (2018)					Long-Term (2020)				
Minority		Minority Business	Woman Business	Disabled Veteran Business	Minority		Minority Business	Woman Business	Disabled Veteran Business	Minority		Minority Business	Woman Business	Disabled Veteran Business
Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)
10%	5.0%	15.0%	5.0%	1.5%	10%	5.0%	15.0%	5.0%	1.5%	10%	5.0%	15.0%	5.0%	1.5%

SERVICES														
Short-Term (2016)					Mid-Term (2018)					Long-Term (2020)				
Minority		Minority Business	Woman Business	Disabled Veteran Business	Minority		Minority Business	Woman Business	Disabled Veteran Business	Minority		Minority Business	Woman Business	Disabled Veteran Business
Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)
10%	5.0%	15.0%	5.0%	1.5%	10%	5.0%	15.0%	5.0%	1.5%	10%	5.0%	15.0%	5.0%	1.5%

PRODUCTS AND SERVICES														
Short-Term (2016)					Mid-Term (2018)					Long-Term (2020)				
Minority		Minority Business	Woman Business	Disabled Veteran Business	Minority		Minority Business	Woman Business	Disabled Veteran Business	Minority		Minority Business	Woman Business	Disabled Veteran Business
Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)	Male	Female	Enterprise (MBE)	Enterprise (WBE)	Enterprise (DVBE)
10%	5.0%	15.0%	5.0%	1.5%	10%	5.0%	15.0%	5.0%	1.5%	10%	5.0%	15.0%	5.0%	1.5%

SCE is committed to achieving the CPUC goal as stated in GO 156. SCE is also committed to meeting the following short-, mid- and long-term goals:

Short-Term	Mid-Term	Long-Term
40.0%	40.0%	40.0%

PLANNED INTERNAL/EXTERNAL ACTIVITIES (10.1.2)

The value proposition of supplier diversity has shifted over the past 40 years from the “right thing to do” to the current “economic impact” discussion. Like other organizations, we have evolved our Supplier Diversity Program to stay relevant and advance our leadership in supplier diversity.

In 2016, our Supplier Diversity and Development team will continue to refine our strategy to identify, engage, and develop diverse firms by placing particular emphasis on:

- Refocusing the conversation from equal spend to equitable access
- Targeting program investments that deliver reasonable return and drive economic impact
- Transforming policies, processes, and practices for strategic engagement

Planned Internal Activities

A strong internal commitment to supplier diversity is essential. At SCE, our commitment starts with our president and flows throughout the organization to our senior leaders and employees-at-large.

Building on our core value of continuous improvement, we will engage internal stakeholders through the following areas:

- Set spend targets for each organization unit to support our corporate goal of maintaining 40% spend with diverse suppliers.
- Update the roles for SDDLDC members, who help shape our supplier diversity practices and strategies.
- Redefine the role of the Supplier Diversity and Development team as a strategic business partner who delivers supplier diversity solutions with mutual stakeholder benefits.

“Small and diverse firms play a vital role with the development of innovative and sustainable business solutions. As SCE celebrates nearly four decades of supplier diversity excellence, we are evolving partnerships and strategies to further advance our commitment to diverse business enterprises and lead the transformation of the electric sector.”

Doug Bauder, Chief Procurement Officer and VP Operational Services, SCE



- Coordinate “Meet the Primes” matchmaking events in procurement areas with significant spend, as appropriate.

In addition, we will continue to focus and deliver development opportunities through our EDGE program. Specifically, we will:

- Host SCE-focused training workshops to increase suppliers’ knowledge in the areas of safety, electric industry changes, financial management, and leadership.
- Assess and refresh the supplier development program overall by increasing alignment with SCE’s latest organization changes and business objectives.

Overall, we will further embrace a culture that drives economic value for customers, suppliers, communities, and shareholders by developing and integrating diverse businesses into the procurement process.



SCE SVP Pete Dietrich addresses attendees at a “Meet the Primes” event in Tulare.

Planned External Activities

As in previous years, we will continue to rely on our relationships with various advocacy and business organizations that share our commitment to supplier diversity. Our planned activities for specific diverse supplier categories include the following:

African American Businesses

We will partner with community organizations to identify and/or develop African American firms in the areas of sustainability, such as underground/overhead utilities, and join forces with peer utilities to source qualified firms for upcoming procurement opportunities. We will also focus our efforts on increasing spend with African American general construction contractors. In addition, we will participate in networking events and mentorship programs with business and trade organizations to identify potential suppliers.

Asian Pacific American Businesses

SCE will maintain our support of Asian American business organizations through various forms of sponsorships and outreach. In addition, we will continue to partner with these organizations to offer technical assistance and capacity building training workshops.

Hispanic American Businesses

SCE will again play a prominent leadership role in the Hispanic American business community on a national, state and local level. We will continue to actively support the U.S. Hispanic Chamber of Commerce, California Hispanic Chamber of Commerce, various local Hispanic chambers of commerce, and other Hispanic American business advocacy organizations. In addition, we will strategically partner with these organizations to identify and develop technical assistance/capacity building and other developmental programs to meet the specific needs of their members to help advance mutual business goals.

Lesbian, Gay, Bisexual, and Transgender Businesses

In 2016, SCE will be a co-presenting sponsor of the NGLCC's International Business and Leadership Conference in Los Angeles, which is expected to draw more than 1,000 LGBTBEs, corporations, and others. SCE will further develop partnerships with LGBT advocacy organizations to advance outreach efforts within the supplier community. In addition, we will continue to sponsor development and networking events, such as the NGLCC Strategic Growth and Development Institute, and contract readiness workshops through local chambers.

Native American Businesses

SCE will build on our momentum to increase spend with Native American suppliers. Last year, these firms were involved in a number of long-term Transmission and Distribution projects, such as underground/overhead utilities. We plan to work with other utilities and business and trade organizations to identify qualified Native American firms for these as well as engineering and power production projects and subcontracting opportunities. In addition, we will again work closely with the AICCC and serve as its Advisory Council co-chair and lead sponsor for Expo 2016 focused on tribal, tribal enterprise, and individually-owned American Indian/Alaska Native business capacity building and procurement opportunities. Finally, we will continue to hold workshops at AICCC's Procurement Technical Assistance Center.

Disabled Veteran Businesses

We again improved our spend progress with disabled veteran business enterprises (DVBES) in 2015, thanks to our efforts to reach out to DVBE organizations and others to identify qualified suppliers. Supplier Diversity and Development will continue to work with these groups and support events that have proven successful in meeting



“Since becoming an NGLCC corporate partner in 2012, SCE has championed LGBT economic empowerment regionally, nationally, and increasingly, globally. SCE vocally supported our efforts to include LGBT-owned businesses in procurement opportunities with California public utilities. In August 2016, SCE will serve as a co-presenting sponsor of our International Business & Leadership Conference, the largest LGBT business development conference in the world...NGLCC is proud and thankful for SCE's unwavering commitment to the continued growth of LGBTBEs and the advancement of the LGBT community-at-large.”

Justin Nelson, Co-Founder and President, NGLCC



From left: Elite SDVOB Network Chairman Bob Mulz, SCE Supplier Diversity and Development's Dennis Thurston, Long Beach Mayor Robert Garcia, SCE Public Affairs' Susana Gonzalez-Edmond, and Elite SDVOB Network National Convention Chairwoman Rebecca Aguilera.

DVBEs for procurement opportunities. We also plan to extend our outreach by working with military bases on their "Reverse Boot Camps."

We will partner with the Elite SDVOB Network and others and use our resources and technical assistance programs to help veterans with a passion for entrepreneurship. We want to open the door to economic opportunity for our veterans by developing their competencies in creating and sustaining an entrepreneurial venture.

In addition, we will continue to work with other utilities on events bringing together procurement agents, DVBEs, and prime contractors to increase Tier 2 diverse spend.

Women Organizations

SCE will continue to support women business advocacy organizations on a regional and national level through targeted outreach of qualified women businesses for potential sourcing opportunities. We will again partner with the Women's Business Enterprise Council-West, Women's Business Enterprise National Council and the National Association of Women Business Owners of California to provide technical assistance and capacity building workshops.

Other Organizations

SCE will continue our sponsorship of other minority business advocacy organizations. We plan to participate in Southern California Minority Supplier Development Council's Minority Business

Opportunity Day, National Minority Supplier Development Council's annual conference, Edison Electric Institute's Supplier Diversity Conference and other events.

RECRUITMENT PLANS FOR SUPPLIERS IN LOW-UTILIZATION AREAS (10.1.3)

To maintain our progress with diverse firms in low-utilization areas, we will continue to work with internal and external partners to increase the awareness and engagement of diverse firms. In addition, we will participate in benchmarking efforts and use conferences and other outreach events to identify potential business opportunities for diverse suppliers.

PLANNED SUBCONTRACTING ACTIVITIES (10.1.5)

We will again sponsor "Meet the Primes" matchmaking events to introduce small and diverse businesses to our prime suppliers. These strategic and targeted events are designed to actively engage key stakeholders and provide diverse businesses with access to potential contracting opportunities.

PROGRAM COMPLIANCE (10.1.6)

We are pleased with our diverse spend progress year-over-year. Purchases with diverse suppliers exceeded \$1.8 billion, representing 42.9% of our total corporate procurement spend and surpassing the CPUC's target of 21.5%. We will continue to find innovative new ways to deliver comprehensive value with our supplier diversity activities.



SCE Director of Power Procurement Jim Buerkle facilitates a roundtable discussion at a Power Procurement supplier diversity outreach event.

2015 Annual Report

Power Procurement Annual Report

SCE continued to make progress in providing power procurement opportunities to diverse firms. In 2015, natural gas and power transactions with diverse firms rose to \$282 million, an increase of more than 10% compared to 2014. Additionally, we procured and received deliveries of almost 60% of our natural gas from diverse suppliers.

We negotiated power and resource purchase agreements (PPAs and RPAs) and natural gas and power master agreements with diverse firms, which led to one PPA being awarded for energy storage, one RPA being awarded for demand response, and the execution of two new agreements for gas trading and brokerage services. We also included fund transfer agency agreements (FTAA) where requested to address credit/collateral challenges. Currently, we have more than 20 enabling agreements, PPAs, and RPAs in place with diverse firms. In addition, SCE assisted diverse firms to transact energy products, which resulted in approximately 24 power transactions and 50-plus natural gas transactions – an increase of 50% compared to 2014.



Eric Fisher, principal manager, Supplier Diversity and Development (right), accepts Southern California Minority Supplier Development Council's Corporate Ambassador Award on behalf of SCE.



Members of SCE's Power Procurement team review diverse spend results.

INTERNAL/EXTERNAL ACTIVITIES (9.1.1)

Transactions for new resources have a long lead time prior to development and delivery, and in the case of long-term PPAs for new resources, financial benefits are realized many years after entering into an agreement. We understand the early effort required to increase supplier diversity in power procurement; therefore, we continued to participate in and support outreach activities.

For example, SCE coordinated efforts between the three California investor-owned utilities (IOUs) on a matchmaking event aimed at increasing Tier 2 subcontracting spend with power procurement prime suppliers. The event attracted 50-plus attendees, both prime (PPA holders with IOUs) and diverse suppliers. It also featured a roundtable discussion with the IOUs, an industry banking representative, prime suppliers with supplier diversity programs, CPUC staff, and diverse prime suppliers. This full-day event was attended by SCE, IOU energy procurement leaders, and industry executives.

In addition, supplier diversity continued to be a standard topic of discussion among the energy procurement team externally and internally. The team hosted several bidder conferences (in-person and via webinar for all suppliers, including diverse firms) to communicate information on how to do business with SCE.

“Since we started doing business with SCE in late 2010, our growth has dramatically increased. Over the years, we’ve successfully delivered 106 individual construction projects totaling over \$54 million, ranging from small tenant improvements to brand new, ground up, state-of-the-art garages and pedestrian bridges, allowing us to create 58 jobs. We’re also proud to have supported the SCE facilities asset management group for nearly five years, in which we repaired 4,280 individual work orders with our crew of 16 maintenance workers supporting SCE facilities.”

Kirby Hays, President and CEO, Hal Hays Construction



Internally, we continued to emphasize and identify diverse opportunities and training with our energy procurement staff. During the year, we also:

- Joined forces with other utilities and led the development of an annual reporting template to better track and understand progress among all IOUs.
- Partnered with financial institutions to further investigate alternatives for credit support.
- Automated and consolidated the request for subcontracting spend, to be provided in the format of a semi-annual survey, and requested all Tier 2 spend with diverse suppliers from all SCE PPA holders. This enhanced the reporting process for our PPA holders and consolidated them into one process for reporting ease and efficiency.
- Held regular internal briefings with the SCE energy procurement team to increase awareness and update efforts on diverse energy procurement.
- Provided quarterly updates to the energy procurement executive leadership team.
- Updated new pro formas and amended existing PPAs, as applicable, to include diverse reporting requirements to the provisions.
- Participated in outreach activities at bidder conferences, a subcontracting matchmaking event, and roundtable discussion with industry stakeholders.
- Held debriefing meetings with all market participants, including diverse businesses, to improve on future solicitations.

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2) (All dollars in \$/M)

Product ¹	Unit	2015 Results by Ethnicity and Gender												Results by WMDVBE Certification					Subcontracting	Total WMDVBE Procurement Spend ³	Total Procurement Spend				
		Asian Pacific American			African American			Hispanic American			Native American			Other Minority			Minority Business Enterprise (MBE)	Woman Business Enterprise (WBE)				Disabled Veteran Business Enterprise (DVBE)			
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total									
Power Purchased	Renewable Power Products Direct	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.2%	\$	\$1,510
	%	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%	0.1%	0.2%	\$74
Physical	Non-Renewable Power Products Direct	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	4.1%	\$	\$1,391
	%	0.0%	2.0%	2.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	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%	3.0%
Fuels for Generation	Diesel Direct	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	4.1%	\$	\$5
	%	0.0%	0.0%	0.0%	0.0%	0.0%	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%	100%	\$-
Physical	Nuclear Direct	\$	\$	\$	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%	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%
Post	Natural Gas Direct	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	57.9%	\$	\$409
	%	0.0%	15.2%	15.2%	1.7%	0.0%	1.7%	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%	57.9%
All	Subtotal of Columns ²	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	\$	\$1,318
	%	0.0%	6.8%	6.8%	0.5%	0.0%	0.5%	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%
All	Subtotal of Columns ⁴	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	0.0%	0.0%	\$	\$	\$	0.0%	\$	\$3,315
	%	0.0%	2.7%	2.7%	0.2%	0.0%	0.2%	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%

¹Excludes purchases from the CAISO, other IOUs, utilities, federal entities, state entities, municipalities and cooperatives
²Includes only long term power procurement commitments after June 6, 2011 or as a result of RFDs after June 6, 2011
³Total WMDVBE spend does not include pre-COD subcontracting values
⁴Includes all power procurement commitments
⁵Includes firms with multi minority ownership status
This template was updated on 10/27/15
Pursuant to CPUC Decision D.15-06-007, LGBTBE spend not required in 2015 annual report.
Rounding applied with all numeric values in the table above. In limited cases, subtotal and overall total percentages may differ slightly.

PRE-COD POWER PROCUREMENT SUBCONTRACTING SPEND

2015 Results by Ethnicity and Gender																	Results by WMDVBE Certification			Total Pre-COD Subcontracting
Product	Unit (\$MM)	Asian Pacific American			African American			Hispanic American			Native American			Other Minority			Minority Business Enterprise (MBE)	Woman Business Enterprise (WBE)	Veteran Business Enterprise (DVBE)	
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Total	Total	Total	
Renewable Power Products	\$	\$7.28	\$0.12	\$7.40	\$0.89	\$-	\$0.89	\$0.02	\$-	\$0.02	\$-	\$-	\$-	\$-	\$-	\$-	\$8.30	\$1.32	\$-	\$9.62
Non-Renewable Power	\$	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$0.02	\$-	\$0.02
Total	\$	7.28	\$0.12	\$7.40	\$0.89	\$-	\$0.89	\$0.02	\$-	\$0.02	\$-	\$-	\$-	\$-	\$-	\$-	\$8.30	\$1.34	\$-	\$9.64

This table reflects Pre-Commercial Operation Date (COD) subcontracting spend that is not captured in table 9.1.2.

PROGRAM EXPENSES (9.1.3)

See 2015 Annual Report, section 9.1.3, on page 11.

GOAL PROGRESS (9.1.4)

In 2015, SCE continued to make significant progress in diverse power procurement as we increased spend more than 10% from 2014, striving towards the General Order 156 goal of 21.5% spend with diverse suppliers in power supply. In addition, 58% of our natural gas deliveries were from diverse suppliers.

SUBCONTRACTORS (9.1.5)

As previously discussed, SCE coordinated efforts between the three California IOUs on a subcontracting matchmaking event. We also continued to request conventional and renewable generators with contracts to supply information related to the generators' Tier 2 spend with diverse suppliers. The responses showed approximately \$12.1 million in Tier 2 spend. Of this amount, \$2.4 million is reportable in table 9.1.2 on page 24. The remaining is pre-Commercial Operation Date (COD) Tier 2 spend included in the table above. In 2016, SCE will look for opportunities to improve reporting requirements with pre-COD Tier 2 spend.

COMPLAINTS (9.1.6)

SCE did not receive any formal complaints in 2015.

RETENTION OF ALL DOCUMENTS/DATA (9.1.9)

All documents and data related to the General Order 156 (Supplier Diversity) annual report are preserved for: (a) three years or (b) the timeframe that is in compliance with SCE's internal records retention policy, whichever comes later.



SCE VP Colin Cushnie (second from right) and Cristina Bowen (right) of Power Procurement with members of SCE's Supplier Diversity and Development team. From left: Sally Virgen, Vince Craney and Myn Kim.

PARTICIPATION RESULTS BY FUEL CATEGORY (9.1.10A)

Participation results are illustrated on page 24.

MARKET CONDITIONS AND OUTREACH (9.1.10B)

Diverse power procurement continues to present large challenges for SCE. The long lead time required for certain projects, volatility of the market, complexity of market and certain credit obligations present obstacles for the engagement of diverse suppliers.

Several diverse firms have exited the business due to tight margins and high effort, with little return in regards to short-term transactions.

The future forecast for diverse power procurement suggests a downward trend. This is due to the following market changes impacting the denominator value: low gas prices and decreased utility gas needs, increased renewables coming on-line in 2016 and beyond, and 50% Renewables Portfolio Standard goal by 2030.

Despite continued efforts to bring new diverse suppliers into the market by Power Procurement and Supplier Diversity and Development, only a

very small number regularly transact. In addition to some business closures, others have not pursued recertification.

Approximately 85% of SCE's diverse energy procurement is with six suppliers, with one firm representing the bulk of the spend. Further, only one supplier has been regularly bidding into SCE's solicitations and winning PPAs.

Inherent challenges continue to exist in developing sustainable diverse firms in the energy markets. The bulk of eligible energy spend is composed of long-term PPAs and short-term forward physical gas and power transactions. The capital/credit requirements to participate in these markets (as a majority owner of a power plant or trading counterparty) are high for diverse suppliers, and small businesses have difficulty raising the large amount of funds needed or securing the financing for such capital/credit intensive projects.

Other areas that are less capital/credit intensive exist, but they are a relatively small portion of SCE's total eligible spend. Less capital/credit intensive areas include post-COD subcontracting, after the project is developed, built and delivered to the IOU, and commodity transaction brokerage, both of which are relatively small dollars. SCE believes pre-COD subcontracting provides the best opportunity for diverse businesses to participate.

Lastly, there continues to be an opportunity for offers associated with the Hopi Tribe and/or Navajo Nation that qualify under the requirements of D.13-02-004. These projects may be entitled to use available funds from the Mohave SO2 Revolving Fund to meet the development security obligations under an RPS PPA, subject to the provision of the necessary documentation and assurances in a final agreement, or financing such capital/credit intensive projects.



Prime and diverse suppliers participate at a "Meet the Primes" matchmaking event.

“Through the investor-owned utilities’ outreach activities and support, I once moderated a panel on “Thriving in the Power Market – A Diverse Business Enterprise and Prime Perspective” for a supplier diversity power workshop. Such opportunities provide the exposure diverse suppliers need that typically aren’t available. While this does not have a dollar spend associated with it, nor does it grow a diverse supplier directly, it is of great intrinsic value in creating situations for diverse suppliers to advance in the power industry.”

Nicole Shaughnessy, Managing Director of Environmental Products, BGC Partners



2016 Annual Plan

Power Procurement

GOALS (10.1.1)

SCE’s goal is to continue to engage market participants and our energy procurement team, in partnership with Supplier Diversity and Development, in meeting General Order 156 objectives. We do not set targeted goals for wholesale energy purchases because of the least-cost, best-fit principles that guide our power procurement.

In 2016, we plan to pursue better alignment of market opportunities in pre-COD subcontracting with General Order 156 reporting. We will look for opportunities to diversify our pool of suppliers to increase price competitiveness and expand the pool of suppliers to best serve our customers. SCE is exploring the inclusion of a qualitative attribute in the evaluation process for projects that have programs demonstrating their commitment to diversity. Further, we will continue to pursue the following goals:

- Assist and support participants, including diverse firms, in RFO and RFO processes.
- Increase awareness of General Order 156 through local and national industry events.
- Increase supplier awareness about opportunities for diverse subcontracting spend and SCE’s Supplier Diversity Program.

PLANNED INTERNAL/EXTERNAL ACTIVITIES (10.1.2)

We will continue efforts to increase spending with diverse suppliers in power procurement through outreach, training programs, reviewing lessons learned and best practices with diverse participants, and partnering with community organizations and others in the power industry.

In 2016, Power Procurement plans to encourage diverse participation in the following solicitations, as available:

- Preferred resources pilot distributed generation
- Combined heat and power
- 2015 Renewables Portfolio Standard
- All source RFO
- Energy storage

In addition, we will continue to:

- Raise awareness among diverse suppliers and industry participants about SCE's efforts to increase diverse power procurement
- Seek opportunities to include the pro forma language requesting diverse Tier 2 spend to be reported semi-annually while amending PPAs
- Promote awareness and provide training in power procurement contracting
- Continue outreach efforts to match SCE PPA holders with diverse suppliers where opportunities exist in pre- and post-COD development activities

RECRUITMENT PLANS FOR SUPPLIERS IN LOW-UTILIZATION AREAS (10.1.3)

SCE is aware that the commodities market for electric generation is a challenge to enter for most diverse suppliers. However, we are committed to identifying and working with any potential counterparties who have experience in wholesale energy, regardless of their location.

SCE has identified a large opportunity for diverse suppliers to participate in pre-COD project development prior to deliveries. This spend is currently not captured in the overall procurement as reported in Table 9.1.2. We believe that better alignment of General Order 156 energy procurement counting rules and opportunities for diverse suppliers is needed to build sustainable participation and capacity.

Including pre-COD spend in the overall power procurement spend could have a significant impact on the industry and may result in an increase in participation among diverse suppliers. In addition, this could evolve reporting to capture market realities.



SCE Director Cody Tubbs talk to an LGBT supplier at an outreach event in Palm Springs.

PLANNED SUBCONTRACTING ACTIVITIES (10.1.5)

SCE will continue to encourage prime contractors to identify opportunities to partner with diverse subcontractors, where applicable. Internally, the Power Procurement and Supplier Diversity and Development teams will collaborate to support diverse suppliers in the PPA and RFO process along with increasing the use of diverse subcontractors.

Externally, SCE will again look for opportunities to introduce subcontractors with PPA holders. We will continue to encourage PPA holders to utilize diverse contractors where there are subcontracting opportunities. Our efforts will include market outreach through subcontracting spend report requests, market notification, bidders' conferences, community organization involvement, industry conferences, and seminar participation.

PROGRAM COMPLIANCE (10.1.6)

SCE intends to fully comply with General Order 156 program guidelines.

2015 Annual Report*Fuel Procurement for
Non-Generation***INTERNAL/EXTERNAL ACTIVITIES (9.1.1)**

SCE has been successful in the area of Fuels for Non-Generation with 100% participation by diverse suppliers. We will continue to work to create opportunities for diverse firms in this space.

PROGRAM EXPENSES (9.1.3)

Refer to 2015 Annual Report, section 9.1.3, on page 11.

GOAL PROGRESS (9.1.4)

SCE achieved 100% diverse spend in this category.

SUBCONTRACTORS (9.1.5)

SCE did not have diverse subcontracting for core customers in Catalina in 2015 (see table on page 30).

COMPLAINTS (9.1.6)

SCE did not receive any formal complaints related to fuel procurement in 2015.

RETENTION OF ALL DOCUMENTS/DATA (9.1.9)

All documents and data related to the General Order 156 (Supplier Diversity) annual report are preserved for: (a) three years or (b) the timeframe that is in compliance with SCE's internal records retention policy, whichever comes later.

**PARTICIPATION RESULTS BY FUEL CATEGORY
(9.1.10A)**

Participation results are illustrated in 9.1.2 on page 30.

MARKET CONDITIONS AND OUTREACH (9.1.10B)

SCE's Supplier Diversity and Development team and procurement partnered with various ethnic chambers and trade organizations to reach diverse suppliers and provide opportunities to them.

2016 Annual Plan*Fuel Procurement for
Non-Generation***GOALS (10.1.1)**

SCE will continue to focus efforts on strengthening relationships with existing diverse fuel suppliers, as well as establishing new relationships through negotiated agreements.

PLANNED INTERNAL/EXTERNAL ACTIVITIES (10.1.2)

We intend to coordinate outreach to diverse firms for upcoming bidding opportunities for fuels procurement.

**RECRUITMENT PLANS FOR SUPPLIER IN
LOW-UTILIZATION AREAS (10.1.3)**

SCE will partner with trade and ethnic chambers to reach out and identify diverse businesses in this area.

PLANNED SUBCONTRACTING ACTIVITIES (10.1.5)

We will work with prime suppliers to identify diverse firms to increase participation in SCE's subcontracting program with future procurement opportunities.

PROGRAM COMPLIANCE (10.1.6)

SCE intends to fully comply with General Order 156 program guidelines.

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2) (All dollars in \$MM)

Product ¹		Unit (\$MM)		2015 Results by Ethnicity and Gender												Results by WMDVBE Certification										
		\$	%	Asian Pacific American			African American			Hispanic American			Native American			Other Minority			Minority Business Enterprise (MBE)	Woman Business Enterprise (WBE)	Disabled Veteran Business Enterprise (DVBE)	Total WMDVBE Procurement Spend	Total Procurement Spend			
				Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Total	Total	Total	Total				
LPG	Short Term	\$	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	\$-	\$100
	Long Term	\$	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	\$615,770	\$615,770
	Total LPG	\$	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	\$615,770	\$615,770
Overall Total \$		\$	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	0.0%	\$-	0.0%	\$-	0.0%	\$615,770	\$615,770	\$615,770
Overall Total %		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	Overall WMDVBE%: 100.0%

NOTE:
 Short Term Gas - for terms 91 days or less. The term of the deal is no longer than one calendar month.
 Long Term Gas - term of the deal is greater than one calendar month but less than one calendar year.
¹ Excludes purchases from the CAISO, other IOUs, utilities, federal entities, state entities, municipalities and cooperatives. Product also excludes GHG and fuel cells related spend and associated fuel.
 Rounding applied with all numeric values in the table above.

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2)

2015 Direct Spend Results by Ethnicity									
				Products		Services		Total	
				\$	%	\$	%	\$	%
1.	Minority Male	Asian Pacific American	Direct	\$28,643,212	3.1%	\$117,568,516	3.5%	\$146,211,728	3.4%
2.		African American	Direct	\$15,807,140	1.7%	\$40,320,665	1.2%	\$56,127,805	1.3%
3.		Hispanic American	Direct	\$145,191,470	15.6%	\$303,387,118	9.1%	\$448,578,587	10.5%
4.		Native American	Direct	\$0	0.0%	\$69,769,274	2.1%	\$69,769,274	1.6%
5.		Other	Direct	\$0	0.0%	\$549,899	0.0%	\$549,899	0.0%
6.		Total Minority Male	Direct	\$189,641,822	20.4%	\$531,595,471	15.9%	\$721,237,293	16.9%
7.	Minority Female	Asian Pacific American	Direct	\$239,814	0.0%	\$35,554,919	1.1%	\$35,794,733	0.8%
8.		African American	Direct	\$7,910	0.0%	\$29,922,930	0.9%	\$29,930,840	0.7%
9.		Hispanic American	Direct	\$2,490,710	0.3%	\$28,722,512	0.9%	\$31,213,223	0.7%
10.		Native American	Direct	\$20,148	0.0%	\$3,279,832	0.1%	\$3,299,980	0.1%
11.		Other	Direct	\$0	0.0%	\$1,435	0.0%	\$1,435	0.0%
12.		Total Minority Female	Direct	\$2,758,581	0.3%	\$97,481,629	2.9%	\$100,240,211	2.4%
13.	Total Minority Business Enterprise (MBE)		Direct	\$192,400,404	20.7%	\$629,077,100	18.9%	\$821,477,503	19.3%
14.	Woman Business Enterprise (WBE)		Direct	\$54,888,201	5.9%	\$474,800,851	14.2%	\$529,689,052	12.4%
15.	Total Woman, Minority Business Enterprise (WMBE)		Direct	\$247,288,605	26.6%	\$1,103,877,950	33.1%	\$1,351,166,555	31.7%
16.	Disabled Veteran Business Enterprise (DVBE)		Direct	\$34,927,388	3.8%	\$18,904,782	0.6%	\$53,832,170	1.3%
17.	TOTAL WMDVBE		Direct	\$282,215,993	30.4%	\$1,122,782,733	33.7%	\$1,404,998,726	33.0%
18.	Net Procurement			\$4,263,898,519					
19.	Total Product Procurement			\$929,189,155					
20.	Total Service Procurement			\$3,334,709,365					
21.	Net Procurement**			\$4,263,898,519					

Percentage for "Products" expenditures are WMDVBE compared to "Total Product Procurement" expenditures.

Percentage for "Services" expenditures are WMDVBE compared to "Total Service Procurement" expenditures.

Percentage for "Total" expenditures are WMDVBE compared to "Net Procurement" expenditures.

NOTE:

*OTHER MINORITY - CERTIFIED AS "OTHER" BY SUPPLIER CLEARINGHOUSE.

** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS.

Pursuant to CPUC Decision D.15-06-007, LGBTBE spend not required in 2015 annual report.

Rounding applied with all numeric values in the table above.

Revised 5/25/2016

SUMMARY OF PURCHASES AND/OR CONTRACTS (9.1.2)

2015 Subcontracting Spend Results by Ethnicity									
				Products		Services		Total	
				\$	%	\$	%	\$	%
1.	Minority Male	Asian Pacific American	Sub	\$513,084	0.1%	\$19,224,354	0.6%	\$19,737,438	0.5%
2.		African American	Sub	\$0	0.0%	\$24,403,858	0.7%	\$24,403,858	0.6%
3.		Hispanic American	Sub	\$7,139,604	0.8%	\$93,390,415	2.8%	\$100,530,019	2.4%
4.		Native American	Sub	\$334,656	0.0%	\$2,536,447	0.1%	\$2,871,103	0.1%
5.		Other	Sub	\$0	0.0%	\$728,555	0.0%	\$728,555	0.0%
6.		Total Minority Male	Sub	\$7,987,344	0.9%	\$140,283,628	4.2%	\$148,270,973	3.5%
7.	Minority Female	Asian Pacific American	Sub	\$25,137,850	2.7%	\$17,908,033	0.5%	\$43,045,882	1.0%
8.		African American	Sub	\$0	0.0%	\$111,107	0.0%	\$111,107	0.0%
9.		Hispanic American	Sub	\$1,393,329	0.1%	\$33,857,451	1.0%	\$35,250,780	0.8%
10.		Native American	Sub	\$121,285	0.0%	\$160,284	0.0%	\$281,569	0.0%
11.		Other	Sub	\$0	0.0%	\$28,320	0.0%	\$28,320	0.0%
12.		Total Minority Female	Sub	\$26,652,464	2.9%	\$52,065,195	1.6%	\$78,717,658	1.8%
13.	Total Minority Business Enterprise (MBE)		Sub	\$34,639,808	3.7%	\$192,348,823	5.8%	\$226,988,631	5.3%
14.	Woman Business Enterprise (WBE)		Sub	\$36,863,823	4.0%	\$121,893,230	3.7%	\$158,757,053	3.7%
15.	Total Woman, Minority Woman Business Enterprise (WMBE)		Sub	\$71,503,631	7.7%	\$314,242,054	9.4%	\$385,745,684	9.0%
16.	Disabled Veteran Business Enterprise (DVBE)		Sub	\$1,603,251	0.2%	\$37,038,882	1.1%	\$38,642,133	0.9%
17.	TOTAL WMDVBE		Sub	\$73,106,881	7.9%	\$351,280,936	10.5%	\$424,387,817	10.0%
18.	Net Procurement**			\$929,189,155		\$3,334,709,365		\$4,263,898,519	

NOTE:

*OTHER MINORITY – CERTIFIED AS “OTHER” BY SUPPLIER CLEARINGHOUSE.

** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS.

Pursuant to CPUC Decision D.15-06-007, LGBTBE spend not required in 2015 annual report.

Rounding applied with all numeric values in the table above.



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