

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking into)
Implementation of Public Utilities Code)
Sections 8281-8285 relating to Women)
Minority - Disabled Veteran)
Business Enterprises)
_____)

**LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933-E)
SUPPLIER DIVERSITY PROGRAM
2014 REPORT AND 2015 PLAN**

March 2, 2015

**Liberty Utilities (CalPeco Electric) LLC
2014 Annual Report & 2015 Annual Plan**

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ANNUAL REPORT

This filing, in compliance with the requirements of California Public Utilities Commission (CPUC) General Order 156 Sections 9 and 10 and Decision 88-04-057, as modified by Decision Nos. 88-09-024, 89-08-041, 90-11-053, 90-12-027, 92-06-030, 95-12-045, 96-12-081, 98-11-030, 03-11-024, 05-12-023, 06-08-031, includes the 2014 Annual Report of Liberty Utilities (CalPeco Electric) LLC (“Liberty Utilities”), and 2015 Annual Plan of Utility Supplier Diversity Program. The annual report describes the program activities and results achieved by Liberty Utilities for the period January 1 through December 31, 2014.

INTRODUCTION AND EXECUTIVE SUMMARY

Liberty Utilities is an investor-owned utility. Liberty Utilities serves more than 49,000 customers in the Lake Tahoe basin. Liberty Utilities supplies electric distribution service in portions of Nevada, Placer, Sierra, Plumas, El Dorado, Mono, and Alpine Counties.

Summary of Results:

- Liberty Utilities achieved a Diverse Spend of 27.95% spend with verified diverse business enterprises.
- Liberty Utilities spent \$6.198 million with diverse business enterprises. This represents an increase of \$2.043 million or 49.2% in 2014 as compared to 2013. The increase can be attributed to on-going vendor and employee educational efforts.

Sec. 9.1.1 – Description of Utility Supplier Diversity Program activities engaged in during the previous calendar year. This description shall include both internal and external activities.

Internal Activities

The Liberty Utilities Supplier Diversity Policy that was written and implemented effective January 2011 is formally reviewed on an annual basis for regulatory consistency and updated accordingly. Liberty Utilities' Purchasing Department continues to actively identifying which active and current suppliers fall within Liberty's Supplier Diversity Policy. To this end, Liberty Utilities Purchasing Department developed and distributed a diversity questionnaire to all existing and new suppliers. All new suppliers are presented with the questionnaire as part of the qualification packet. These efforts confirm the Supplier Diversity status of many of the Liberty Utilities suppliers and also identify uncertified suppliers as we reach out with information to become certified. The group of existing uncertified suppliers continues to be the primary focus of Liberty Utilities 2014 Supplier Mentoring Program. The Purchasing Department routinely checks The Supplier Clearinghouse in order to bid within a more diverse group. The Purchasing Department continues to include a brief outline of our diversity policy on the back of their business cards. Several other departments have followed and it has allowed Liberty staff to engage vendors in meaningful conversation regarding the program's benefit.

Quarterly management team presentations were presented throughout 2014. The presentations emphasized a review of General Order 156, an explanation of our 2014 goals as well as round table discussion of attracting additional suppliers to the program.

External Activities

The Liberty Utilities management team continues to use their affiliation with local community business groups (Rotary, Elks Club, etc.) as an opportunity to educate local businesses about General Order 156 as well as Liberty Utilities' Supplier application process. Business relationships at these events were initiated and communications regarding future engagements is on-going.

Sec. 9.1.2 – Utility Supplier Diversity Program Annual Results – Statistical Reports

UTILITY SUPPLIER DIVERSITY PROGRAM
ANNUAL RESULTS BY ETHNICITY

		2014			
		Direct	Sub	Total \$	%
Minority Men	Asian-Pacific	\$ 1,556		\$ 1,556	0.007%
	Black	\$ 155,582	\$ -	\$ 155,582	0.702%
	Hispanic	\$ 3,522,007		\$ 3,522,007	15.885%
	Native-American			\$ -	0.000%
	Other			\$ -	0.000%
	Total Minority Men		\$ 3,679,145	\$ -	\$ 3,679,145
Minority Women	Asian-Pacific	\$ 10,816		\$ 10,816	0.049%
	Black			\$ -	0.000%
	Hispanic	\$ 126,099		\$ 126,099	0.569%
	Native-American			\$ -	0.000%
	Other			\$ -	0.000%
	Total Minority Women		\$ 136,915	\$ -	\$ 136,915
Total Minority Business Enterprise (MBE)		\$ 3,816,059	\$ -	\$ 3,816,059	17.211%
Women Business Enterprise (WBE)		\$ 2,381,634	\$ -	\$ 2,381,634	10.741%
Subtotal Women, Minority Business Enterprise (MWBE)		\$ 6,197,693	\$ -	\$ 6,197,693	27.952%
Service Disabled Veteran Business Enterprise (DVBE)		\$ 335	\$ -	\$ 335	0.002%
TOTAL WMDVBE		\$ 6,198,028	\$ -	\$ 6,198,028	27.954%

*Totals may not sum due to rounding.

Gross Procurement	\$ 22,172,440
Exclusions	\$ -
Net Procurement	\$ 22,172,440

**UTILITY SUPPLIER DIVERSITY PROGRAM
ANNUAL RESULTS BY DIRECT PRODUCT AND SERVICE CATEGORIES**

			2014					
			Products		Services		Total	
			\$	%	\$	%	\$	%
Minority Men	Asian-Pacific	Direct	\$ 1,556	0.02%	0.000%	0.00%	\$ 1,556	0.01%
	Black	Direct	\$ -	0.00%	15558205.000%	1.11%	\$ 155,582	0.70%
	Hispanic	Direct	\$ -	0.00%	352200680.000%	25.21%	\$ 3,522,007	15.88%
	Native-American	Direct	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Other	Direct	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
Total Minority Men		Direct	\$ 1,556	0.02%	367758885.000%	26.33%	\$ 3,679,145	16.59%
Minority Women	Asian-Pacific	Direct	\$ -	0.00%	1081565.000%	0.08%	\$ 10,816	0.05%
	Black	Direct	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Hispanic	Direct	\$ -	0.00%	12609925.000%	0.90%	\$ 126,099	0.57%
	Native-American	Direct	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Other	Direct	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
Total Minority Women		Direct	\$ -	0.00%	13691490.000%	0.98%	\$ 136,915	0.62%
Total Minority Business Enterprise (MBE)		Direct	\$ 1,556	0.02%	381450375.000%	27.31%	\$ 3,816,059	17.21%
Women Business Enterprise (WBE)		Direct	\$ 78,279	0.95%	230335535.000%	16.49%	\$ 2,381,634	10.74%
Total Women, Minority Business Enterprise (MWBE)		Direct	\$ 79,834	0.97%	611785910.000%	43.80%	\$ 6,197,693	27.95%
Service Disabled Veteran Business Enterprise (DVBE)		Direct	\$ -	0.00%	\$ 335	0.00%	\$ 335	0.00%
TOTAL WMDVBE		Direct	\$ 79,834	0.97%	\$ 6,118,194	43.80%	\$ 6,198,028	27.95%

*Totals may not sum due to rounding.

Gross Procurement	\$ 22,172,440
Exclusions	\$ -
Net Procurement	\$ 22,172,440

Total Product Procurement	\$ 8,203,803
Total Service Procurement	\$ 13,968,637
Net Procurement	\$ 22,172,440

Percentage for "Products" expenditures are 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.

**UTILITY SUPPLIER DIVERSITY PROGRAM
PROCUREMENT BY SUB PRODUCT AND SERVICE CATEGORIES**

			2014					
			Products		Services		Total	
			\$	%	\$	%	\$	%
Minority Men	Asian-Pacific	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Black	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Hispanic	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Native-American	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Other	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Total Minority Men	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
Minority Women	Asian-Pacific	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Black	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Hispanic	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Native-American	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Other	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
	Total Minority Women	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%
Total Minority Business Enterprise (MBE)	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%	
Women Business Enterprise (WBE)	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%	
Total Women, Minority Business Enterprise (MWBE)	Sub	\$ -	0.00%	0.000%	0.00%	\$ -	0.00%	
Service Disabled Veteran Business Enterprise (DVBE)	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
TOTAL WMDVBE	Sub	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	

*Totals may not sum due to rounding.

Gross Procurement	\$ 22,172,440
Exclusions	\$ -
Net Procurement	\$ 22,172,440

Total Product Procurement	\$ 8,203,803
Total Service Procurement	\$ 13,968,637
Net Procurement	\$ 22,172,440

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.

**UTILITY SUPPLIER DIVERSITY PROGRAM
ANNUAL RESULTS BY SUPPLIERS' GROSS REVENUE SIZE**

	Data on Number of Suppliers							
	Revenue Reported to Clearinghouse (2)				2014 Summary - Liberty			
# WMDVBES	DVBE ⁽¹⁾	MBE	WBE	Grand Total	DVBE	MBE	WBE	Grand Total
Under \$1 million	0	2	3	5	100.000%	1	3	5
Under \$5 million	0	0	2	2	0.000%	1	9	10
Under \$10 million	0	0	1	1	0.000%	0	2	2
Above \$10 million	0	2	1	3	0.000%	2	0	2
Total	0	4	7	11	100.000%	4	14	19

	Revenue and Payment Data							
	Revenue Reported to Clearinghouse (2)				2014 Summary - Liberty			
WMDVBE \$\$	DVBE ⁽¹⁾	MBE	WBE	Grand Total	DVBE	MBE	WBE	Grand Total
Under \$1 million	\$ -	\$ 165,000	\$ 122,276	\$ 287,276	33450.000%	\$ 41,600	\$ 113,360	\$ 155,295
Under \$5 million	\$ -	\$ -	\$ 2,686,354	\$ 2,686,354	0.000%	\$ 1,556	\$ 2,358,737	\$ 2,360,293
Under \$10 million	\$ -	\$ -	\$ 6,935,108	\$ 6,935,108	0.000%	\$ -	\$ 46,451	\$ 46,451
Above \$10 million	\$ -	\$ 170,077,000	\$ -	\$ 170,077,000	0.000%	\$ 3,635,989	\$ -	\$ 3,635,989
Total	\$ -	\$ 170,242,000	\$ 9,743,738	\$ 179,985,738	33450.000%	\$ 3,679,145	\$ 2,518,549	\$ 6,198,028

(1) Disabled Veteran Business Enterprise Gross Revenue not available through California Clearinghouse.

(2) Revenue Reported to Clearinghouse is as of the supplier's last re-certification and may not be representative of 2014 activity.

UTILITY SUPPLIER DIVERSITY PROGRAM PROCUREMENT BY SIC CATEGORIES - DETAIL

Line #	SIC CATEGORY	Asian-Pacific		Black		Hispanic		Native American		Other		Total Minority		Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Subtotal Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (SDVBE)	Total WMBDVE	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women		Men
1	07 Agricultural Services	\$ -	\$ -	\$ -	\$ -	\$ 3,522,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,522,007	\$ -	\$ 3,522,007	\$ -	\$ 3,522,007	\$ -	\$ 3,522,007	
2	17 Special Trade Contractors	% 0.00%	0.00%	0.00%	0.00%	15,88%	0.00%	0.00%	0.00%	0.00%	0.00%	15,88%	0.00%	15,88%	0.00%	15,88%	0.00%	15,88%	
3	28 Chemicals & Allied Products	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
4	30 Rubber & Misc. Plastic Products	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
9	32 Stone, Clay & Glass Products	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
10	35 Industrial Machinery & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11	36 Electronic & Other Electric Equipment	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
12	47 Transportation Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
13	50 Wholesale Trade - Durable Goods	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
14	51 Wholesale Trade - Nondurable Goods	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
15	62 Sec & Commodity Brokers & Dealers	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
16	73 Business Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
17	87 Engineering & Management Services	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
18	47 Transportation Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
19	50 Wholesale Trade - Durable Goods	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
20	51 Wholesale Trade - Nondurable Goods	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
21	62 Sec & Commodity Brokers & Dealers	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
22	73 Business Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
23	87 Engineering & Management Services	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
24	TOTAL	\$ 1,556	\$ 10,816	\$ 155,582	\$ 5,500	\$ 3,527,507	\$ 126,099	\$ 15,91%	\$ 176,099	\$ 0.00%	\$ 0.00%	\$ 3,684,645	\$ 136,915	\$ 3,821,539	\$ 2,459,913	\$ 6,281,472	\$ 335	\$ 6,281,807	
25	TOTAL	% 0.01%	0.03%	0.70%	0.00%	0.00%	0.37%	0.00%	0.00%	0.00%	0.00%	16.42%	0.42%	17.24%	11.09%	28.53%	0.00%	28.53%	
26	TOTAL	Totals may not sum due to rounding.																	
27	87 Engineering & Management Services	\$ -	\$ 80.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
28	TOTAL	% 0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
29	TOTAL	\$ 1,556	\$ 10,816	\$ 155,582	\$ 5,500	\$ 3,527,507	\$ 126,099	\$ 15,91%	\$ 176,099	\$ 0.00%	\$ 0.00%	\$ 3,684,645	\$ 136,915	\$ 3,821,539	\$ 2,459,913	\$ 6,281,472	\$ 335	\$ 6,281,807	
30	TOTAL	% 0.01%	0.03%	0.70%	0.00%	0.00%	0.37%	0.00%	0.00%	0.00%	0.00%	16.42%	0.42%	17.24%	11.09%	28.53%	0.00%	28.53%	
31	Gross Product Procurement	\$ 22,172,440																	
32	Exclusions	\$ -																	
33	Net Product Procurement	\$ 22,172,440																	

34 Only Relevant SIC Categories are Listed
 35 Percentages are WMBDVE expenditures compared to total expenditures for each product category.

Sec. 9.1.3 – An itemization of WMDVBE Program Expenses.

UTILITY SUPPLIER DIVERSITY PROGRAM EXPENSES

Expense Categories		2014 Actual \$
Wages	\$	2,859
Benefits	\$	1,944
Program Expenses	\$	1,681
Advertising	\$	-
Training	\$	-
Consultants	\$	-
Other (Clearinghouse)	\$	846
Total	\$	7,331

Wages: Salary and payroll-related costs of employees working on Utility Supplier Diversity Program Matters.

Benefits: Benefit costs related to employment such as insurance, retirement and vacation for employees working on Utility Supplier Diversity Program matters.

Program Expenses: Costs directly related to training internal and external.

Advertising: Costs related to advertise this program submitted to journals, newspaper, and magazines.

Training: Costs related to training internal and external.

Consultants: Costs of hiring consultants to assist with the Utility Supplier Diversity Program.

Other: Costs that do not fit in another category as in Clearinghouse payments.

Sec. 9.1.4 – Description of progress in meeting or exceeding set goals and an explanation of any circumstances that may have caused the utility to fall short of its goals.

**UTILITY SUPPLIER DIVERSITY PROGRAM
RESULTS COMPARISON**

Category	2014 Results	2014 Target
Minority Men	16.593%	
Minority Women	0.618%	
Minority Business Enterprise (MBE)	17.211%	13.000%
Women Business Enterprise (WBE)	10.741%	7.500%
Subtotal Women, Minority Business Enterprise (WMBE)	27.952%	20.500%
Service Disabled Veteran Business Enterprise (DVBE)	0.002%	1.000%
Total WMDVBE	27.954%	21.500%

In 2014, Liberty spent 27.954% of our discretionary spend with diverse businesses. Liberty exceeded the Minority Business Enterprise (MBE) target of 13.0% due primarily to an increase spend in tree trimming services. Liberty's WBE goal of 7.5% was exceeded due to adding new WBE vendors as well as increased spending with existing WBE vendors. Liberty did not meet the Service Disabled Veteran Business Enterprise (DVBE) target; however, relationships with several vendors were cultivated in 2014 and Liberty did have diversity spend within the DVBE segment. Liberty continues to make this under-performing segment a priority in 2015 educational and outreach efforts.

The table below shows the trend in procurement dollars and WMDVBE spend:

**UTILITY SUPPLIER DIVERSITY PROGRAM
ANNUAL SPENDING**

Category	2013	2014
Total Procurement \$	\$ 16,845,383	\$ 22,172,440
% change		24.03%
Total WMDVBE \$	\$ 4,155,327	\$ 6,198,028
% change		32.96%

Sec. 9.1.5 – A summary of prime contractor utilization of WMDVBE subcontractors.

	Minority Men	Minority Women	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Service Disabled Veterans Business Enterprise (DVBE)	TOTAL WMDVBE
Direct \$	\$3,679,145	\$ 136,915	\$3,816,059	\$ 2,381,634	\$6,197,693	\$ 335	\$6,198,028
Subcontracting \$		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$3,679,145	\$ 136,915	\$3,816,059	\$ 2,381,634	\$6,197,693	\$ 335	\$6,198,028

Direct %	16.59%	0.62%	17.21%	10.74%	27.952%	0.00%	27.95%
Subcontracting %	0.00%	0.00%	0.00%	0.00%	0.000%	0.00%	0.00%
Total %	16.59%	0.62%	17.21%	10.74%	27.952%	0.00%	27.95%

*Totals may not sum due to rounding.

Gross Procurement	\$22,172,440
Exclusion	
Net Procurement	\$22,172,440

Gathering data on the utilization of subcontractors is a difficult task for Liberty. Our existing ERP software solution doesn't provide the ability to capture this activity so Liberty Purchasing Staff is using a manual spreadsheet to record this information. Additionally, many of our requests to our limited number of prime contractors are left unanswered due to presumable time constraints. Liberty Purchasing Staff will reach out to the other investor-owned utilities (IOUs) to obtain a better understanding of best practices in this area and adopt a viable solution. Liberty Utilities continues to educate our existing vendors on our need to track subcontractor utilization. This issue will remain a focus throughout 2014 so a manageable data gathering process can be determined.

Sec. 9.1.6 – List of diverse supplier complaints received during the past year, accompanied by a brief description of the nature of each complaint and its resolution or current status.

No complaints were filed with Liberty Utilities or with the California Public Utilities Commission regarding Liberty Utilities in 2014.

Sec. 9.1.7 – A summary of purchases and /or contracts for products and services in excluded categories.

Liberty's total 2014 accounts payable activity totaled approximately \$92.887 million. The majority of our accounts payable activity is concentrated with Sierra and our purchase power agreement. Our purchase power totaled \$53.8 mln (57.9%) of our total accounts payable activity. Purchase power along with employee expense reimbursements, employee benefits, fleet lease payments, fees and taxes were not considered applicable in identifying or quantifying our discretionary spend total.

Sec. 9.1.8 – Description of any efforts made to recruit diverse suppliers of products or services in procurement categories where diverse supplier utilization has been low, such as legal and financial services, fuel procurement, and areas that are considered highly technical in nature.

In 2014, Liberty Utilities stressed the importance of building supplier relationships with DVBE organizations. Our local presentations yielded minimal results. We were successful in identifying and utilizing a DVBE interpreter service for our billing inserts and legal notices. Several other DVBE organizations reached out to us directly but we were unable to utilize their services in 2014. In addition to our standard outreach efforts, Liberty Utilities' Regulatory Affairs Department will prepare and circulate a

master listing of certified DVBE organizations to Liberty Utilities' management team on a periodic basis to provide a steady reminder of our 2015 target.

Sec. 10.1.1 – WMDVBE Annual Short-, Mid- and Long-Term Goals

Liberty Utilities (CalPeco Electric) LLC WMDVBE Goals				
	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Disabled Veteran Business Enterprise (DVBE)	Women, Minority, Disabled Veteran Enterprise (WMDVBE)
Short-Term (2012)	8.50%	7.50%	0.50%	16.50%
Mid-Term (2014)	13.00%	7.50%	1.00%	21.50%
Long-Term (2016)	13.00%	7.50%	1.00%	21.50%

Liberty has exceeded its overall spend goal; however, the DVBE goal was not met. Our DVBE research and outreach activities will be enhanced and brought to the forefront in internal educational opportunities. Liberty Utilities will continue to emphasize our G.O. #156 target goals for dollars spent with WMDVBEs and to seek to increase our dollars spent with these diverse suppliers. Our company remains committed to supplier development and in increasing competitiveness in sourcing products and services.

Sec. 10.1.2 – Description of Utility Supplier Diversity Program planned for the next calendar year, internal/external program activities.

For 2014, Supplier Diversity's plans include the following strategies to strengthen the program's results:

- Maintain implemented policies and processes that strengthen the alignment of strategic sourcing, Supplier Diversity, and Supply Chain Management.
- Educate and recruit all Liberty Utilities employees by including Supplier Diversity awareness in monthly safety meeting agendas.
- Communicate Supplier Diversity's plans and goals to key customers and business units to facilitate win-win outcomes.
- Utilize developed processes to maximize participation of diverse suppliers for commodities identified to be competitively bid.
- Promote Liberty Utilities' Supplier Diversity Program goals at local and regional disabled veteran group meetings/functions.
- Mentor existing non-certified suppliers on The Supplier Clearinghouse certification process.

Sec. 10.1.3 – Plans for recruiting diverse suppliers of products or services where diverse supplier utilization has been low or were listed as excluded, such as legal and financial services, fuel procurement, areas considered highly technical in nature, and sole sourcing (transformers, cable/wire).

Procurement will leverage the additional supplier diversity champions achieved from within the non-traditional areas of spend to champion and communicate Supplier Diversity's goals and strategies within their departments.

Additional plans include:

- Continuing to partner with leadership to plan and develop strategies for increasing the utilization of diverse suppliers.
- Continuing to execute best practices within our supply chain and strategic sourcing strategies to identify commodities where diverse suppliers exist, but there is an underutilization of them within our company.
- Stronger emphasis of our company's expectations of inclusion and opportunity during pre- and post-award bid meetings.
- Reviewing sole source awards and where possible seeks to competitively bid as new suppliers enter the market or internal requirements are modified thus increasing the opportunities for qualified diverse suppliers to receive an opportunity to bid.

Sec. 10.1.4 – Plans for encouraging both prime contractors and grantees to engage diverse suppliers in all categories which provide subcontracting opportunities.

Liberty urges its prime contractors to include women, minority, and disabled veteran business enterprises for subcontracting opportunities. Although the award of any subcontracting activities rests in the final discretion of the prime contractor, Procurement will work closely with its prime contractors in helping to identify specific commodities within Liberty projects where there are known diverse suppliers for inclusion, making accessible our listing of approved diverse contractors, and advocating for diverse supplier inclusion to the maximum extent possible.

Additional training and guidelines will be given to Supply Chain professionals to clearly communicate the company's commitment to supplier diversity and to reaffirm the company's expectations of opportunity and inclusion early in the sourcing process.

Sec. 10.1.5 – Plans for complying with the Utility Supplier Diversity Program established by the Commission as required by Public Utilities Sections 8283 (c). The Executive Director's Office will be responsible for developing, periodically refining, and recommending such guidelines for the Commission's adoption.

Liberty will continue to comply with General Order 156 and its guidelines and requirements as well as continue to work with the Commission and its staff and the California Joint Utilities Group in pursuing new strategies to continually advance the Utility Supplier Diversity Program objectives. Liberty will comply with all revisions of General Order 156 and all other requirements of the CPUC.