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March 10, 2017

VIA EMAIL: timothy.sullivan@cpuc.ca.gov

Mr. Timothy Sullivan
Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Re: General Order 156 Compliance Filing – 2016 Annual Report and 2017 Annual Plan

Dear Mr. Sullivan,

California American Water is pleased to submit an electronic copy of its 2016 Annual Report on the Women, Minority, and Disabled Veteran, Lesbian, Gay, Bisexual and Transgender Business Enterprises, (WMDVLGBTBE) and its 2017 Annual Plan. This Annual Report and Annual Plan are filed pursuant to Section 5.2 of Decision No. U-168W and February 10, 2012 direction from the California Public Utilities Commission (CPUC) provided to the utilities submitting WMDVLGBTBE reports.

Three hard copies of this report will be sent to Stephanie Green.

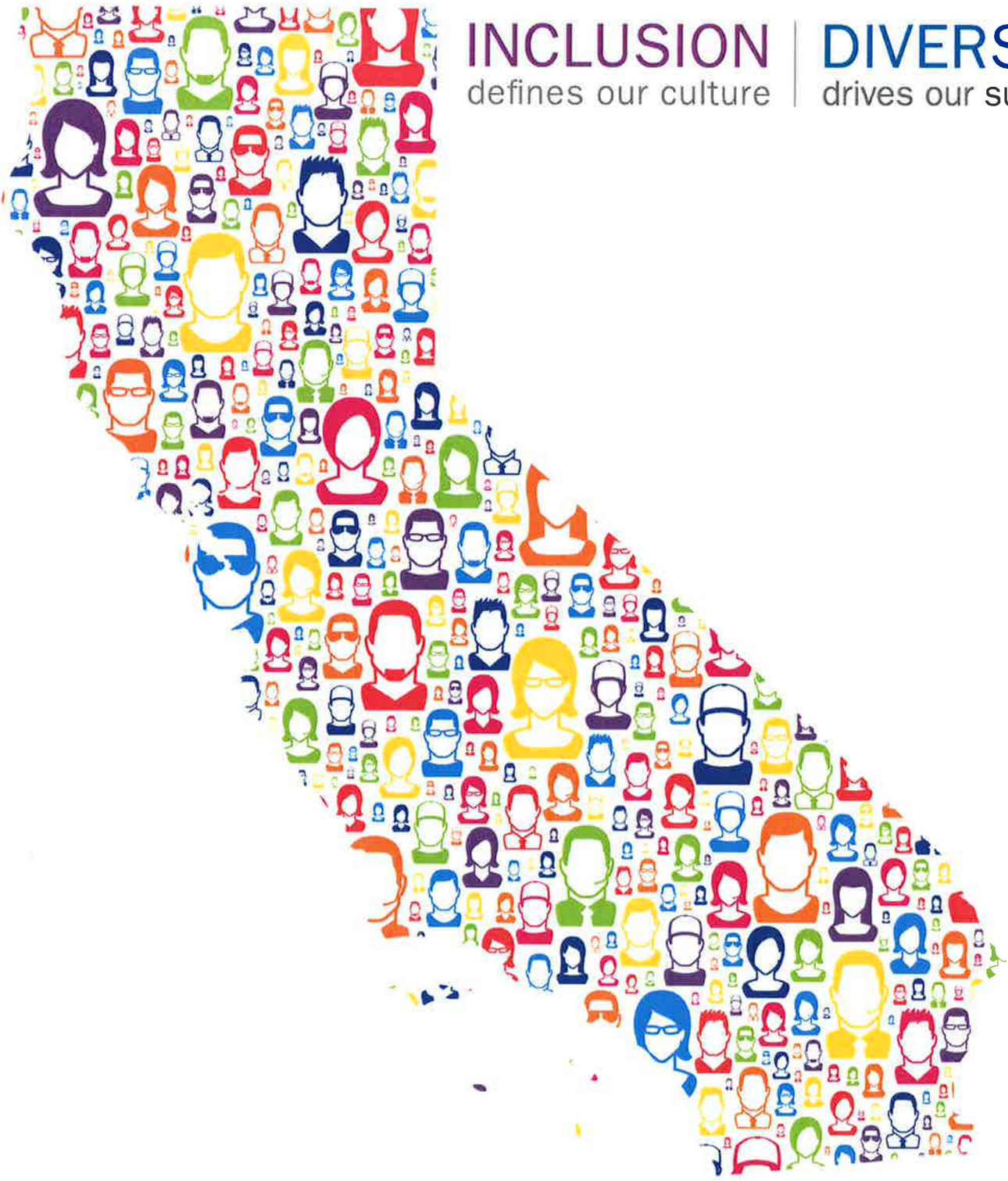
Sincerely,

Edward Simon II / LP

Edward Simon II
Director Business Performance and Supplier Diversity

cc via email: Stephanie Green, CPUC (stephanie.green@cpuc.ca.gov)

Attachment: .pdf version of California American Water 2016 Annual Report and 2017 Annual Plan



INCLUSION
defines our culture

DIVERSITY
drives our success

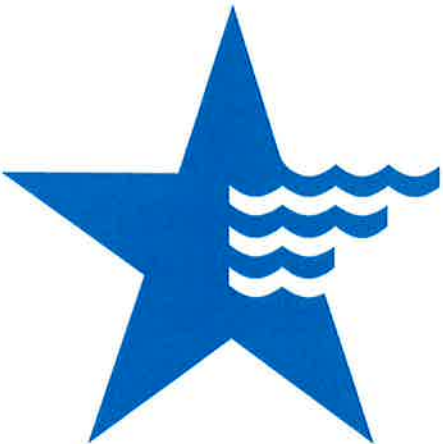
Annual Report to the California Public Utilities Commission
2016 Results & 2017 Annual Plans





POLICY

California American Water recognizes the value of supplier diversity as a strategic business decision. We are committed to identifying diverse suppliers and offering them an opportunity to compete for materials and services contracts.



VISION

We create opportunities – including education and mentorship – for diverse suppliers and strive to work with diverse suppliers who meet our high standards and work in our customers' best interests.



MISSION

Our mission is to open business doors for diverse suppliers who otherwise would not have been knowledgeable of contract opportunities with California American Water. We are steadfast in our commitment to ensure that available contract opportunities are known and reviewed in an open and fair competitive business environment.

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Richard Svindland, President

PRESIDENT'S MESSAGE

**Inclusion Defines Our Culture.
Diversity Drives Our Success.**

2016 was a great year for diversity and inclusion at California American Water, and the results show it. I am very proud to announce that 2016 was our best year ever in this area. We increased our diverse spend over the previous year, added new diverse vendors, and are actively engaged with an electrical contractor in the Mentor Protégé Program. How did this happen? Our employees have made diversity a priority in purchasing, hiring, governance and community outreach, and we continue to become more ethnically and culturally diverse. The demographics of California are changing and our businesses and relationships with our suppliers, employees and customers must reflect that.

While this is great news, it's even more impressive that we made all of these changes while gaining better service, closer links to the communities we serve and better relationships with our vendors. This demonstrates the true value of partnerships with suppliers that live and operate in our communities. We are proud to be their water utility and we are proud that they are our suppliers.

No one succeeds alone, and we did not get here without the help of committed employees, qualified vendors, engaged NGOs and stakeholders, and a supportive regulatory structure. This group is helping us build a culture where the value of diversity is apparent to our company, employees, customers and communities. I hope you are as excited about the great improvements we made together in 2016 as I am.

Sincerely,

Richard Svindland
President





Edward Simon, Director of Business Performance and Supplier Diversity

MESSAGE FROM THE DIRECTOR OF SUPPLIER DIVERSITY

I am pleased to announce our 2016 diversity spend is the best on record since we started tracking our results in 2009. This year we achieved 32.18% spend with diverse vendors against the California Public Utility Commission (CPUC) 21.5% target. As our President, Rich Svindland, indicated in his message, these results could not have been achieved without the hard work and dedication of all local and functional team members throughout California as well as our corporate and local supply chain team members.

We chose this year's theme, Inclusion Defines Our Culture [and] Diversity Drives Our Success, because at California American, we are fully committed to using diversity as a cornerstone in our hiring process and supplier and procurement practices. In doing so, we not only enhance our company culture, we improve our diverse spend and help strengthen the fabric of the communities we serve.

Please know California American Water remains committed to engaging employees, suppliers, community-based organizations (CBOs), national and local diversity organizations, and customers in our efforts to improve diversity results. If you have any ideas you feel we should consider, please reach out to me. My email address is Edward.Simon@amwater.com. My direct office number is (619) 446-4764.

Inclusion defines our culture and diversity drives our success.

Edward Simon
Director of Business Performance and Supplier Diversity



2016 highlights

MENTOR PROTÉGÉ SPOTLIGHT

Lyden Electric's initial introduction to California American Water was through a supplier diversity fair that was held in Irvine, California, on June 14, 2016. California American Water had several speakers who discussed opportunities within their organization for diverse supplier vendors as well as working with their other diverse suppliers. This led to a conversation with Ed Simon, Director of Business Performance and Supplier Diversity, regarding a possible opportunity to be considered for the upcoming years' Mentor Protégé program. After careful consideration and an interview process by California American Water, Lyden was awarded as the chosen vendor. "California American Water has led us through the integration process of becoming a vendor and has made several resources and opportunities available to Lyden to assist in our company's growth and success."



SECTION 9.1.1 - Internal and External Highlights and Activities

California American Water continued its efforts to promote and engage both internal and external stakeholders in 2016. This year, we grouped our efforts by Business Enterprise (BE) and whether the effort to increase diverse spend was internal or external. Efforts listed include those specific to California American Water, those in partnership with community-based organizations (CBOs), national and local diversity organizations, and those through California Water Association's (CWA) Utility Supplier Diversity Program (USDP).



32.18% Diverse Spend

We are proud to have exceeded the CPUC diverse spend goal of 21.5% once again with a **total diverse spend of 32.18% in 2016**. As our program continues to mature, we hope to build and improve upon this result.



10 New Diverse Suppliers Added to Supply Chain

In 2016, we continued our outreach to identify new diverse suppliers that could provide goods and services to meet our needs. As a result, we are proud to welcome **10 new suppliers**, ten of which we are reporting direct spend.



Selected a New Mentor Protégé (Lyden Electric)

After a lengthy selection process using the framework agreed upon with the California Water Association, we are pleased to announce that Lyden Electric was chosen as our 2016–2018 Mentor Protégé. Lyden is a full-service electrical supplier that provides services throughout the state. We held an introduction meeting with our president, engineering, operations, and supply chain leads. Lyden also met with each of our local leads. We are confident that Lyden will provide superior service and meet the electrical needs of our company as a prime and subcontractor supplier.



Created California American Water Supplier Registration Portal and Database

In late 2016, we established a portal registration process that allows prospective suppliers to register with us. We also developed a database to track vendors we meet at outreach events. Both the registration portal and the database allow us to reach out to vendors to bid on projects and invite them to future sourcing events.



2016 highlights



Updated Our Procurement Processes and Contract and Request for Proposal Language

In late 2016, we updated our procurement processes to ensure the diversity team is engaged in sourcing efforts to search for diverse suppliers. Sourcing efforts over \$100k require sign-off from the diversity team confirming that we searched diverse supplier(s) to bid on the work. We are also requiring prime contractors to meet 25% of their spend with diverse subcontractors and complete a quarterly second tier form to help California American Water monitor results and offer assistance.



Provided Sponsorship to Community-Based Organizations

California American Water believes in supporting community-based organizations and working with them to bring new diverse vendors to our procurement practices. In 2016, we provided support to these organizations:

- Disabled Veterans Business Alliance: \$2,000
- Elite Service-Disabled Veteran-Owned Business Network: \$2,000
- Los Angeles LGBT Chamber of Commerce: \$2,500
- Sacramento Rainbow Chamber of Commerce: \$2,500
- California Black Chamber of Commerce: \$4,000

Year Ending Supplier Diversity Results-CAW



2016 Internal Activities

SUPPLIER DIVERSITY COUNCIL

In 2015 we established a Supplier Diversity Council made up of function leads from throughout the business. We continued this collaboration in 2016. The council is led by the director of business performance and supplier diversity. Members include the functional leads from external affairs, operations, engineering, and supply chain. The Council meets monthly to discuss prior months' results, upcoming activities, and to review procurement opportunities. This collaboration has proved beneficial in our efforts to improve our diverse culture as well as our spend results.

ANNUAL MANAGEMENT TEAM SUPPLIER DIVERSITY EDUCATIONAL WORKSHOP

We held three workshops in 2016 to remind team members of our commitment to supplier diversity. The workshop participants included all levels of management and procurement team members. The agenda included highlights from General Order (GO) 156, information on how perspective suppliers can become certified diverse suppliers, a review of processes to engage the diversity team, and suggestions and recommendations to engage local team members.



2016 highlights

Overall Efforts	Attended Monthly USDP Committee Meetings
	Attended Quarterly Joint Utilities Meetings
	Attended CPUC Events: Small Business Expo, and En Banc
	Attended National Utilities Diversity Council (NUDC) Events and Meetings – Our prior president (Robert MacLean) was the chair of this committee.
	MAY/JUNE: Held California American Meet the Primes Events in all Divisions - Southern (Irvine, CA), Northern (Sacramento, CA), and Coastal (Monterey, CA). These events led to our adding over 60 diverse vendors to our database.
Meetings with Diverse Organizations/ Outreach	OCTOBER: Provided Prime Suppliers and attended California Water Associations Meet the Primes Events - Long Beach, CA
	FEBRUARY: Met with Western Region Minority Supplier Diversity (WRMSDC) President
	MARCH: Attended Southern California Minority Supplier Diversity Council (SCMSDC) Minority Business Opportunity Day the Primes Events - Long Beach, CA
	APRIL: Met with Greenlining to Review Annual Report
	SEPTEMBER: Met with Sacramento Rainbow Chamber of Commerce
Minority Business Enterprise (MBE) Outreach	SEPTEMBER: Met with California Black Chamber of Commerce
	ASIAN PACIFIC AMERICAN JULY: Attended AICOC Expo - Rancho Mirage, CA
	AFRICAN AMERICAN FEBRUARY: Sponsored and attended California Black Chamber of Commerce Legislative Policy Reception and Luncheon - Sacramento, CA
	HISPANIC AMERICAN SEPTEMBER: Attended Regional Hispanic Conference - Long Beach, CA
	NATIVE AMERICAN MARCH: Attended National Reservation Economic Summit (RES) - Las Vegas, NV
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE) Outreach	NATIVE AMERICAN JULY: American Indian Chamber of Commerce Business Matchmaking
	AUGUST: Attended NGLCC Annual Conference - Palm Springs, CA
Disabled Veteran Business Enterprises (DVBE) Outreach	SEPTEMBER: Attended Sacramento Rainbow Chamber of Commerce 2016 Awards and Scholarships Dinner
	MAY: Attended Keeping the Promise (KTP) Conference - Arlington, TX
	MAY: Attended California Department of Veterans Affairs Business Forum - Irvine, CA



SECTION 9.1.2A – Summary of Purchases and/or Contracts By Ethnicity

UTILITY SUPPLIER DIVERSITY PROGRAM ANNUAL RESULTS BY ETHNICITY – 2016

	Ethnicity	Direct \$	Sub \$	Total \$	%
MINORITY MALE	Asian-Pacific	\$100,678	\$5,200	\$105,878	0.14%
	African American	\$1,528,509	\$575,708	\$2,104,217	2.69%
	Hispanic	\$6,425,197	\$88,165	\$6,513,362	8.31%
	Native American	\$391,515	\$2,896	\$394,411	0.50%
	Total Minority Male	\$8,445,899	\$671,969	\$9,117,868	11.64%
MINORITY FEMALE	Asian-Pacific	\$187,197	\$267,855	\$455,052	0.58%
	African American	\$20,543	\$0	\$20,543	0.03%
	Hispanic	\$2,059,148	\$5,300	\$2,064,448	2.63%
	Native American	\$0	\$0	\$0	0.00%
	Total Minority Female	\$2,266,888	\$273,155	\$2,540,043	3.24%
Total Minority Business Enterprise (MBE)		\$10,712,787	\$945,124	\$11,657,910	14.88%
Total Women Business Enterprise (WBE)		\$10,187,429	\$1,330,131	\$11,517,560	14.70%
Total Disabled Veteran Business Enterprise (DVBE)		\$1,017,717	\$757,865	\$1,775,582	2.27%
Total Lesbian, Gay, Bisexual or Transgender Business Enterprise (LGBTBE)		\$257,351	\$0	\$257,351	0.33%
Total Other*		\$0	\$0	\$0	0.0%
Total Business Enterprises (WMDVLGBTBE)		\$22,175,283	\$3,033,120	\$25,208,404	32.18%

Net Procurement**	\$78,357,481
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NOTE: *Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order, and credit card dollars



2016 highlights

SECTION 9.1.2B – Summary of Purchases and/or Contracts By Products and Services (Direct)

UTILITY SUPPLIER DIVERSITY PROGRAM ANNUAL RESULTS BY PRODUCTS AND SERVICES – DIRECT – 2016							
MINORITY MALE	Ethnicity	Product		Services		Total	
		\$	%	\$	%	\$	%
	Asian-Pacific	\$0	0%	\$100,678	0.13%	\$100,678	0.13%
	African American	\$0	0%	\$1,528,509	1.95%	\$1,528,509	1.95%
	Hispanic	\$0	0%	\$6,425,197	8.20%	\$6,425,197	8.20%
	Native American	\$0	0%	\$391,515	0.50%	\$391,515	0.50%
	Total Minority Male	\$0	0%	\$8,445,899	10.78%	\$8,445,899	10.78%
MINORITY FEMALE	Asian-Pacific	\$173,497	0.22%	\$13,700	0.02%	\$187,197	0.24%
	African American	\$20,543	0.03%	\$0	0.00%	\$20,543	0.03%
	Hispanic	\$10,644	0.01%	\$2,048,504	2.61%	\$2,059,148	2.63%
	Native American	\$0	0%	\$0	0%	\$0	0%
	Total Minority Female	\$204,684	0.26%	\$2,062,204	2.63%	\$2,266,888	2.89%
Total Minority Business Enterprise (MBE)		\$204,684	0.26%	\$10,508,103	13.41%	\$10,712,787	13.67%
Total Women Business Enterprise (WBE)		\$296,527	0.38%	\$9,890,902	12.62%	\$10,187,429	13.00%
Total Disabled Veteran Business Enterprise (DVBE)		\$14,825	0.02%	\$1,002,892	1.28%	\$1,017,717	1.30%
Total Lesbian, Gay, Bisexual or Transgender Business Enterprise (LGBTBE)		\$0	0.00%	\$257,351	0.33%	\$257,351	0.33%
Total Other*		\$0	0.00%	\$0	0.00%	\$0	0.00%
Total Business Enterprises (WMDVLGBTBE)		\$516,036	0.66%	\$21,659,247	27.64%	\$22,175,283	28.30%
Total Product Procurement		\$516,036					
Total Service Procurement		\$21,659,247					
Net Procurement – Direct Products & Services		\$78,357,481					
Total Number of WMDVLGBTBEs that Received Direct Spend		91					

NOTE: *Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order, and credit card dollars



SECTION 9.1.2C – Summary of Purchases and/or Contracts By Products and Services (Subcontractors)

UTILITY SUPPLIER DIVERSITY PROGRAM ANNUAL RESULTS BY PRODUCTS AND SERVICES – SUBCONTRACTORS – 2016							
	Ethnicity	Product		Services		Total	
		\$	%	\$	%	\$	%
MINORITY MALE	Asian-Pacific	\$0	0%	\$5,200	0.01%	\$5,200	0.01%
	African American	\$0	0%	\$575,708	0.73%	\$575,708	0.73%
	Hispanic	\$0	0%	\$88,165	0.11%	\$88,165	0.11%
	Native American	\$0	0%	\$2,896	0.00%	\$2,896	0.00%
	Total Minority Male	\$0	0%	\$671,969	0.85%	\$671,969	0.85%
MINORITY FEMALE	Asian-Pacific	\$0	0%	\$267,855	0.34%	\$267,855	0.34%
	African American	\$0	0%	\$0	0.00%	\$0	0.00%
	Hispanic	\$0	0%	\$5,300	0.01%	\$5,300	0.01%
	Native American	\$0	0%	\$0	0.00%	\$0	0.00%
	Total Minority Female	\$0	0%	\$273,155	0.35%	\$273,155	0.35%
Total Minority Business Enterprise (MBE)		\$0	0.00%	\$945,124	1.21%	\$945,124	1.21%
Total Women Business Enterprise (WBE)		\$0	0.00%	\$1,330,131	1.70%	\$1,330,131	1.70%
Total Disabled Veteran Business Enterprise (DVBE)		\$20,875	0.03%	\$736,990	0.94%	\$757,865	0.97%
Total Lesbian, Gay, Bisexual or Transgender Business Enterprise (LGBTBE)		\$0	0%	\$0	0%	\$0	0%
Total Other*		\$0	0%	\$0	0%	\$0	0%
Total Business Enterprises (WMDVLGBTBE)		\$20,875	0.03%	\$3,012,245	3.84%	\$3,033,120	3.87%
Total Product Procurement		\$20,875					
Total Service Procurement		\$3,012,245					
Net Procurement – Direct Products and Services		\$78,357,481					

NOTE: *Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order, and credit card dollars



2016 highlights

SECTION 9.1.2D – Procurement

WMDVLGBTBE Procurement: SIC Code Detail

SIC CODE	CATEGORY	ASIAN-PACIFIC		AFRICAN AMERICAN		HISPANIC		NATIVE AMERICAN	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
781	Horticulture Architectural Services	\$				\$125,851			
		%				0.16%			
782	Lawn and Garden Services	\$	\$13,875						
		%	0.02%						
783	Ornamental Shrub and Tree Services	\$				\$6,500			
		%				0.01%			
1521	General Contractors: Single-Family Houses	\$		\$447,975					
		%		0.57%					
1541	General Contractors: Industrial Buildings and Warehouses	\$						\$390,665	
		%						0.50%	
1542	General Contractors: Nonresidential Buildings	\$				\$38,869			
		%				0.05%			
1611	Highway and Street Construction, Except Elevated Highways	\$				\$267,361			
		%				0.34%			
1623	Water, Sewer and Pipelines	\$				\$2,268,228			
		%				2.89%			
1629	Heavy Construction, NEC	\$							
		%							
1711	Plumbing, Heating, and AC	\$							
		%							
1721	Painting and Paper Hanging	\$				\$613,218			
		%				0.78%			
1731	Electrical Work	\$				\$213,327	\$7,955		
		%				0.27%	0.01%		
1795	Wrecking and Demolition Work	\$							
		%							
1799	Special Trade Contractors, NEC	\$				\$223,860	\$2,033,549		
		%				0.29%	2.60%		
2819	Industrial Inorganic Chemicals, NEC	\$							
		%							
3291	Abrasive Products	\$							
		%							
3442	Metal Doors, Sash, Frames, Molding, and Trim Manufacturing	\$							
		%							
3621	Motors and Generators	\$							
		%							
3669	Communications Equipment, NEC	\$							
		%							

2016 highlights

TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	TOTAL LESBIAN, GAY, BISEXUAL, TRANSEXUAL BUSINESS ENTERPRISE (LGBTBE)	TOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	OTHER 8(a)**	TOTAL WMDVLGBTBE
\$125,851					\$125,851
0.16%					0.16%
\$13,875					\$13,875
0.02%					0.02%
\$6,500					\$6,500
0.01%					0.01%
\$447,975					\$447,975
0.57%					0.57%
\$390,665					\$390,665
0.50%					0.50%
\$38,869	\$434,626				\$473,494
0.05%	0.55%				0.60%
\$267,361					\$267,361
0.34%					0.34%
\$2,268,228	\$2,567,527				\$4,835,755
2.89%	3.28%				6.17%
\$0.0	\$101,812				\$101,812
	0.13%				0.13%
\$0.0	\$1,947,663				\$1,947,663
	2.49%				2.49%
\$613,218					\$613,218
0.78%					0.78%
\$221,282					\$221,282
0.28%					0.28%
\$0	\$321,385				\$321,385
	0.41%				0.41%
\$2,257,409	\$146,902		\$470,698		\$2,875,008
2.88%	0.19%		0.60%		3.67%
\$0	\$291,393		\$704,935		\$996,329
	0.37%		0.90%		1.27%
\$0	\$398				\$398
	0.00%				0.00%
\$0	\$14,719				\$14,719
	0.02%				0.02%
\$0	\$168,862				\$168,862
	0.22%				0.22%
\$0	\$1,957				\$1,957
	0.00%				0.00%

2016 highlights

SIC CODE	CATEGORY	ASIAN-PACIFIC		AFRICAN AMERICAN		HISPANIC		NATIVE AMERICAN	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
3711	Automobiles/Light Truck and Utility Vehicles	\$							
		%							
3993	Signs and Advertising Specialties	\$							
		%							
4212	Local Trucking Without Storage	\$							
		%							
4619	Pipelines, NEC	\$				\$1,074,765			
		%				1.37%			
4941	Water Supply	\$	\$14,998						
		%	0.02%						
4952	Sewerage Systems	\$							
		%							
5047	Medical, Dental, & Hospital Equipment and Supplies	\$		\$2,763					
		%		0.00%					
5063	Electrical Apparatus & Equipment Wiring Supplies, and Construction Materials	\$			\$66,725				
		%			0.09%				
5084	Industrial Machinery and Equipment	\$		\$170,734					
		%		0.22%					
5085	Industrial Supplier	\$							
		%							
5088	Transportation Equipment/Supplies	\$							
		%							
5112	Stationery and Office Supplies	\$							
		%							
5172	Petroleum and Petroleum Products Wholesalers, Except Bulk Stations & Terminals	\$				\$2,769			
		%				0.00%			
5199	Advertising Specialties Goods Distributors	\$			\$20,543				
		%			0.03%				
5211	Lumber and Other Building Materials Dealers	\$					\$10,644		
		%					0.01%		
5599	Automotive Dealers, NEC	\$		\$929,512					
		%		1.19%					
5812	Full Service Restaurants	\$		\$575,708		\$3,124			
		%		0.73%		0.00%			
6531	Real Estate Agents and Brokers	\$							
		%							
7217	Carpet and Upholstery Cleaning	\$				\$58,488			
		%				0.07%			
7335	Commercial Photography	\$							
		%							
7336	Commercial Art and Graphic Design	\$				\$33,021			
		%				0.04%			

2016 highlights

TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	TOTAL LESBIAN, GAY, BISEXUAL, TRANSEXUAL BUSINESS ENTERPRISE (LGBTBE)	TOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	OTHER 8(a) * %	TOTAL WMDVLGBTBE
\$0			\$419,146		\$419,146
			0.53%		0.53%
\$0	\$1,392,393				\$1,392,393
	1.78%				1.78%
\$0	\$13,916				\$13,916
	0.02%				0.02%
\$1,074,765					\$1,074,765
1.37%					1.37%
\$14,998					\$14,998
0.02%					0.02%
\$0	\$154,739				\$154,739
	0.20%				0.20%
\$2,763					\$2,763
0.00%					0.00%
\$66,725					\$66,725
0.09%					0.09%
\$170,734	\$1,411				\$172,145
0.22%	0.00%				0.22%
\$0			\$20,875		\$20,875
			0.03%		0.03%
\$0	\$58,197				\$58,197
	0.07%				0.07%
\$0			\$14,825		\$14,825
			0.02%		0.02%
\$2,769					\$2,769
0.00%					0.00%
\$20,543					\$20,543
0.03%					0.03%
\$10,644					\$10,644
0.01%					0.01%
\$929,512					\$929,512
1.19%					1.19%
\$578,832	\$2,435				\$581,267
0.74%	0.00%				0.74%
\$0	\$9,307				\$9,307
	0.01%				0.01%
\$58,488					\$58,488
0.07%					0.07%
\$0			\$3,600		\$3,600
			0.00%		0.00%
\$33,021					\$33,021
0.04%					0.04%

2016 highlights

SIC CODE	CATEGORY	ASIAN-PACIFIC		AFRICAN AMERICAN		HISPANIC		NATIVE AMERICAN	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
7359	Equipment Rental and Leasing, NEC	\$							
		%							
7361	Employment Agencies	\$	\$253,980						
		%	0.32%						
7374	Computer Processing and Data Preparation & Processing Services	\$							
		%							
7379	Computer Related Services	\$							
		%							
7381	Detective, Guard, and Armored Car Services	\$	\$8,584						
		%	0.01%						
7389	Interior Design, Business Support Services	\$		\$45		\$12,300			
		%		0.00%		0.02%			
7549	Automotive Services	\$							
		%							
7699	Repair Shops and Related Services, NEC	\$							
		%							
8111	Legal Services	\$	\$68,102						
		%	0.09%						
87	Engineering and Management Services	\$							
		%							
8711	Engineering Services	\$	\$14,193			\$79,893		\$3,746	
		%	0.02%			0.10%		0.00%	
8712	Architectural Services	\$							
		%							
8713	Surveying Services	\$				\$4,825			
		%				0.01%			
8732	Commercial Economic, Sociological, & Educational Research	\$		\$24,440					
		%		0.03%					
8741	Construction Management Services	\$				\$1,378,487			
		%				1.76%			
8742	Management Consulting Services	\$	\$13,700	\$30,317		\$61,157			
		%	0.02%	0.04%		0.08%			
8743	Public Relations Services	\$							
		%							
8748	Business Consulting Services, NEC	\$		\$29,495		\$59,619			
		%		0.04%		0.08%			
8999	Services, NEC	\$							
		%							
TOTAL		\$	\$105,878	\$455,052	\$2,104,217	\$20,543	\$6,513,362	\$2,064,448	\$394,411
		%	0.14%	0.58%	2.69%	0.03%	8.31%	2.63%	0.50%
Total Product Procurement		\$536,911							
Total Service Procurement		\$24,671,493							
Net Procurement***		\$78,357,481							

2016 highlights

TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	TOTAL LESBIAN, GAY, BISEXUAL, TRANSEXUAL BUSINESS ENTERPRISE (LGBTBE)	TOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	OTHER 8(a)**	TOTAL WMDVLGBTBE
\$0	\$2,082				\$2,082
	0.00%				0.00%
\$253,980	\$28,503				\$282,483
0.32%	0.04%				0.36%
\$0	\$34,493				\$34,493
	0.04%				0.04%
\$0			\$700		\$700
			0.00%		0.00%
\$8,584					\$8,584
0.01%					0.01%
\$12,345					\$12,345
0.02%					0.02%
\$0	\$972				\$972
	0.00%				0.00%
\$0	\$59,801				\$59,801
	0.08%				0.08%
\$68,102					\$68,102
0.09%					0.09%
\$0	\$0	\$44,013			\$44,013
		0.06%			0.06%
\$97,832	\$769,528		\$27,755		\$895,115
0.12%	0.98%		0.04%		1.14%
\$0	\$2,900				\$2,900
	0.00%				0.00%
\$4,825	\$249,695				\$254,520
0.01%	0.32%				0.32%
\$24,440					\$24,440
0.03%					0.03%
\$1,378,487	\$2,216,371				\$3,594,858
1.76%	2.83%				4.59%
\$105,173	\$186,929		\$113,048		\$405,151
0.13%	0.24%		0.14%		0.52%
\$0		\$213,338			\$213,338
		0.27%			0.27%
\$89,114					\$89,114
0.11%					0.11%
\$0	\$336,647				\$336,647
	0.43%				0.43%
\$11,657,910	\$11,517,650	\$257,351	\$1,775,582	\$0	\$25,208,404
14.88%	14.70%	0.33%	2.27%	0.00%	32.18%

NOTE: *Firms with multi-minority ownership status

**Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

***Net procurement includes purchase order, non-purchase order, and credit card dollars

\$: Total procurement dollar amount in the specific SIC category

?: Percentage of total dollars

2016 highlights

SECTION 9.1.2E – Number of WMDVLGBTBE Suppliers and Revenue Reported to the Clearinghouse

Data on Number of Suppliers Revenue Reported to CHS							
# WMDVLGBTBEs	MBE	WBE	WMBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
< \$1 million	14	17	3	1	0	0	35
\$1 million < \$2.5 million	4	10	4	1	0	0	19
\$2.5 million < \$5 million	2	9	0	0	0	0	11
\$5 million < \$10 million	10	6	3	0	0	0	19
10+ million	14	11	2	0	0	0	27
No Revenue Designation	0	0	0	0	10	0	10
TOTAL	44	53	12	2	10	0	121

Revenue and Payment Data Revenue Reported to CHS							
WMDVLGBTBE \$M	MBE	WBE	WMBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
< \$1 million	\$14,238,953	\$6,469,888	\$630,356	\$531,830	\$0	\$0	\$21,871,027
\$1 million < \$2.5 million	\$6,118,229	\$15,524,036	\$4,578,561	\$2,326,000	\$0	\$0	\$28,546,825
\$2.5 million < \$5 million	\$9,293,622	\$37,789,979	\$0	\$0	\$0	\$0	\$47,083,601
\$5 million < \$10 million	\$83,138,172	\$41,615,464	\$19,757,225	\$0	\$0	\$0	\$144,510,861
10+ million	\$3,561,558,072	\$1,961,416,371	\$173,167,128	\$0	\$0	\$0	\$5,696,141,571
No Revenue Designation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$3,674,347,048	\$2,062,815,738	\$198,133,270	\$2,857,830	\$0	\$0	\$5,938,153,885



2016 highlights

Data on Number of Suppliers | California American Water 2016 Summary

# WMDVLGBTBEs	MBE	WBE	WMBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
< \$1 million	42	49	11	2	10	0	114
\$1 million < \$2.5 million	2	4	1	0	0	0	7
\$2.5 million < \$5 million	0	0	0	0	0	0	0
\$5 million < \$10 million	0	0	0	0	0	0	0
10+ million	0	0	0	0	0	0	0
No Revenue Designation	0	0	0	0	0	0	0
TOTAL	44	53	12	2	10	0	121

Revenue and Payment Data | California American 2016 Summary

WMDVLGBTBE \$M	MBE	WBE	WMBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
< \$1 million	\$4,618,432	\$4,524,237	\$506,494	\$257,351	\$1,775,582	\$0	\$11,682,097
\$1 million < \$2.5 million	\$4,499,436	\$6,993,323	\$2,033,549	\$0	\$0	\$0	\$13,526,308
\$2.5 million < \$5 million	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$5 million < \$10 million	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10+ million	\$0	\$0	\$0	\$0	\$0	\$0	\$0
No Revenue Designation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$9,117,868	\$11,517,560	\$2,540,043	\$257,351	\$1,775,582	\$0	\$25,208,405

SECTION 9.1.2F – Description of Workforce

In 2016, California American Water engaged and had spend (directly or through use of subcontractors) with 121 diverse suppliers. Of the 121 vendors, 114 listed their physical address with the Supplier Clearinghouse as California. The 114 vendors indicated they employed over 55,489 employees; one vendor reported 50,000 employees.



2016 highlights

SECTION 9.1.3 – WMDVLGBTBE Program Expenses

EXPENSE CATEGORY	AMOUNT
Wages	\$106,186
Other Employee Expenses	\$20,016
Program Expenses	\$18,408
Reporting Expenses	\$6,064
Training	\$230
Consultants	\$1,400
Other	\$21,000
TOTAL	\$173,304

California American Water employees Tino Gamboa, Utility Worker; Liana Bayakhmedov, Administrative Assistant; Martin Salas, Utility Worker



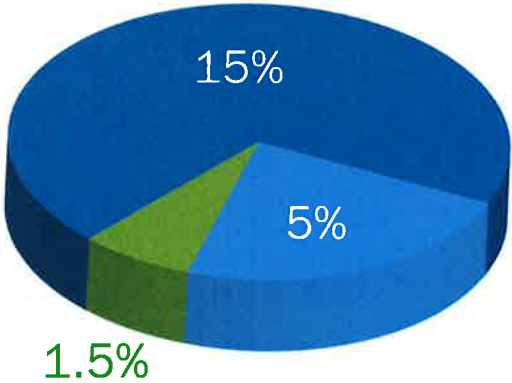
SECTION 9.1.4A – Description of Progress in Meeting or Exceeding Set Goals

California American Water consistently sets goals in excess of the CPUC's 21.5%. In 2016, our goal was 21.5% and we exceeded it, finishing the year at 32.18%. We did not meet our internal goal for LGBTBE and DVBE. Our overall success can be attributed to the activities included in section 9.1.1 Internal and External Highlights and Activities. From our president and parent company to our functional departmental leads and frontline employees, we are all committed to supplier diversity.

SECTION 9.1.4B – WMDVLGBTBE Results and Goals

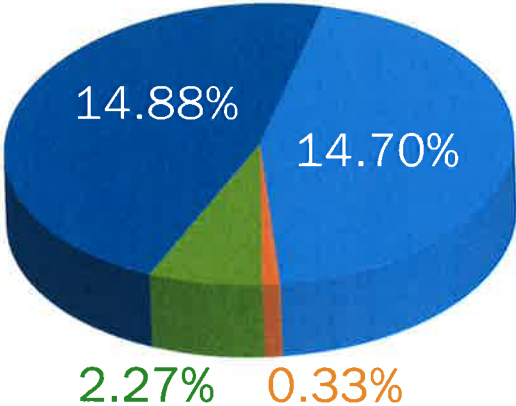
WMDVLGBTBE 2016 Goals

Amounts add up to the diverse spend goal of 21.5%



WMDVLGBTBE 2016 Results

Amounts add up to the actual diverse spend of 32.18%



#: Percentage of Net Procurement



2016 highlights

SECTION 9.1.5A – Description of Prime Contractor Utilization of WMDVLGBTBE Subcontractors

Unfortunately, our prime contractors use of subcontractors decreased from 2015 to 2016. In 2015 prime contractors use of diverse subcontractors totaled \$4.1 million while in 2016 prime contractors use of diverse subcontractors totaled \$3 million in diverse spend. We are disappointed in this decrease and will work with our prime contractors to increase their engagement and spend with subcontractors in 2017 and beyond. We believe requiring prime contractors to report their tier two spend quarterly and our new report monitoring process (to monitor results throughout the year) will provide prime subcontractors and California American with opportunities to increase subcontractor engagement with prime suppliers.

SECTION 9.1.5B – Summary of Prime Contractor Utilization of WMDVLGBTBE Subcontractors

	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veterans Business Enterprise (DVBE)	Other 8(a)*	TOTAL WMDV-LGBTBE
Direct \$	\$8,445,899	\$2,266,888	\$10,712,787	\$10,187,429	\$257,351	\$1,017,717	\$0	\$22,175,283
Subcontracting \$	\$671,969	\$273,155	\$945,124	\$1,330,131	\$0	\$757,865	\$0	\$3,033,120
Total	\$9,117,868	\$2,540,043	\$11,657,910	\$11,517,560	\$257,351	\$1,775,582	\$0	\$25,208,404
Direct %	10.78%	2.89%	13.67%	13.00%	0.33%	1.30%	0.00%	28.30%
Subcontracting %	0.86%	0.35%	1.21%	1.70%	0.00%	0.97%	0.00%	3.87%
Total %	11.64%	3.24%	14.88%	14.70%	0.33%	2.27%	0.00%	32.18%
Net Procurement**								\$78,357,481

NOTE: *Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order, and credit card dollars

\$: Total procurement dollar amount in the specific SIC category

?: Percentage of total dollars



SECTION 9.1.6 – A List of WMDVLGBTBE Complaints Received and Current Status

California American did not receive any complaints from diverse suppliers in 2016.

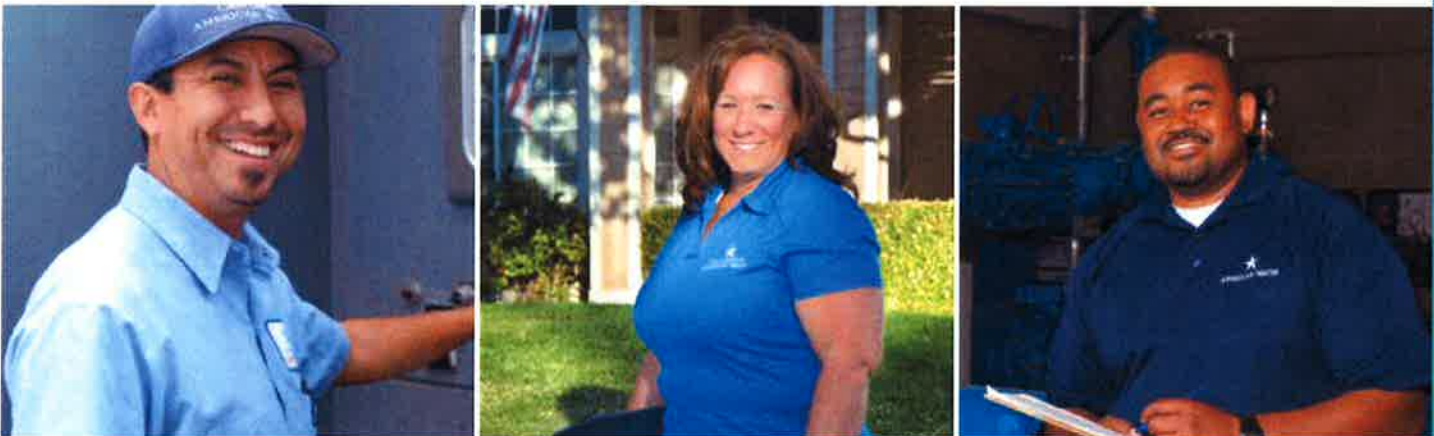
SECTION 9.1.7 – Description of Efforts to Recruit WMDVLGBTBE Suppliers in Low Utilization Categories

Table 9.1.2 clearly identifies where we have underutilized diverse vendors in spend in many areas including legal, finance, and computer related services. We will focus our efforts on increasing spend in these areas in 2017 and beyond. We will engage our CBO in our efforts to search for suppliers to meet our needs.

SECTION 9.1.8 – Description of Excluded Categories

Categories excluded from our gross procurement include purchased water, purchased power, pump taxes, all taxes, franchise fees, postage, all other non-sourcable categories, and affiliate transaction expenses.

California American Water employees Eric Rojas, Pump Operator; Karen Wilhelm, Water Conservation Specialist; Spencer Phillips, Sr., Engineering Technician



2017 plan

SECTION 10.1.1 – WMDVLGBTBE Annual Short-, Mid-, and Long-Term Goals by Product and Services Categories

California American and other California Water Association Utilities find it difficult to complete a more detailed chart identifying needs for products and services as these needs differ yearly due to agreed upon CPUC capital projects and spending, which are approved every three years based on our general rate case cycle. We are in an ever-changing regulatory environment and have to balance our needs and procurement activities with those of our customers in an effort to keep our rates low. California American will strive to improve our results noted below.

MBE FOCUS: We will focus our efforts on meeting the MBE overall goal of 15% with greater emphasis on increasing spend with Asian Pacific American, African American, and Native American while holding steady or slightly increasing our spend with Hispanic American.

WBE FOCUS: We have consistently exceeded our current 5% spend goal with WBEs, reaching double digits several years in a row.

LGBTBE AND DVBE FOCUS: We will continue with work with WBEs while shifting some of this spend to the MBE (ethnicities mentioned previously) and LGBTBE and DVBEs where our spend has been considerably low.

CATEGORY	Current CPUC Goal	Short-Term Goals (1–2 years)	Mid-Term Goals (2–4 years)	Long-Term Goals (5–6 years)
Minority Men				
Minority Women				
Minority Business Enterprises (MBE)	15%	15.00%	15.00%	15.00%
Women Business Enterprises (WBE)	5%	5.00%	7.00%	8.00%
Lesbian, Gay, Bisexual and Transgender Business Enterprises (LGBTBE)	0	2.00%	4.00%	5.00%
Disabled Veteran Business Enterprises (DVBE)	1.50%	3.00%	4.00%	5.00%
TOTAL	21.50%	25.00%	30.00%	33.00%



SECTION 10.1.2 – Description of WMDVLGBTBE Planned Program Activities for 2017

Our program, as noted in our historical results, continues to mature. We will focus our efforts on improving our spend with the MBE (in particular African American, Asian American, and Native American), LGBTE, and DVBE communities. We will put forth every effort to accomplish the following in 2017:



INCREASE PRIME CONTRACTOR USE OF SUBCONTRACTORS: We will increase monitoring of prime supplier use of diverse subcontractors and offer assistance when prime contractors are not meeting their commitment to diversity.



CONTINUE COMMUNITY-BASED SPONSORSHIP AND INCREASE ENGAGEMENT: We will ask our CBOs to increase their assist with our search for diverse suppliers and work through details to make this process as seamless as possible. In addition, we will confirm our Asian Pacific and Native American sponsorship this year.



INCREASE TECHNICAL AND CAPACITY BUILDING ASSISTANCE: Working with the California Water Association (CWA) membering companies and other joint utilities, we will participate (financial support and resources) in various programs and workshops to educate existing and perspective vendors on the water industry and the skills small businesses need to be successful.



ENHANCE PORTAL REGISTRATION PROCESS: We are working on updating our email notification process when vendors register with us. Late this year or early 2018, we hope to have the portal notify vendors when new requests for proposals (RFPs) are posted on our website. At present, vendors have to check our website for new postings.



NEW COMPLIANCE TRACKER SYSTEMS: We are working with a diverse vendor to procure cloud-based software that would allow us to improve our certification tracking and vendor notification processes. We hope to have this implemented by the end of Q2 2017.



REPORTING EFFICIENCY: We will continue to review our reporting and vendor set up processes in an effort to make it easy to do business with California American while ensuring data reporting integrity. We will start a process improvement project to enhance our reporting processes at both the state and corporate levels. We will complete our SIC Code Clean-Up Project to ensure all vendors (not just diverse vendors) have SIC codes assigned. This will greatly improve our reporting processes moving forward.



SECTION 10.1.3 – Plans for Recruiting WMDVLGBTBE Suppliers in Low Utilization Areas

We will increase our efforts to reach out to diverse suppliers in low utilization areas including finance, technical, and legal in particular. We will target mailings to vendors offering these goods and services through direct outreach and also use various Community Based Organizations to assist in our recruitment efforts.

SECTION 10.1.4 – Plans for Recruiting Suppliers Where Unavailable

We will continue our efforts to recruit suppliers for all products and services except those listed in the exclusion section of the report.

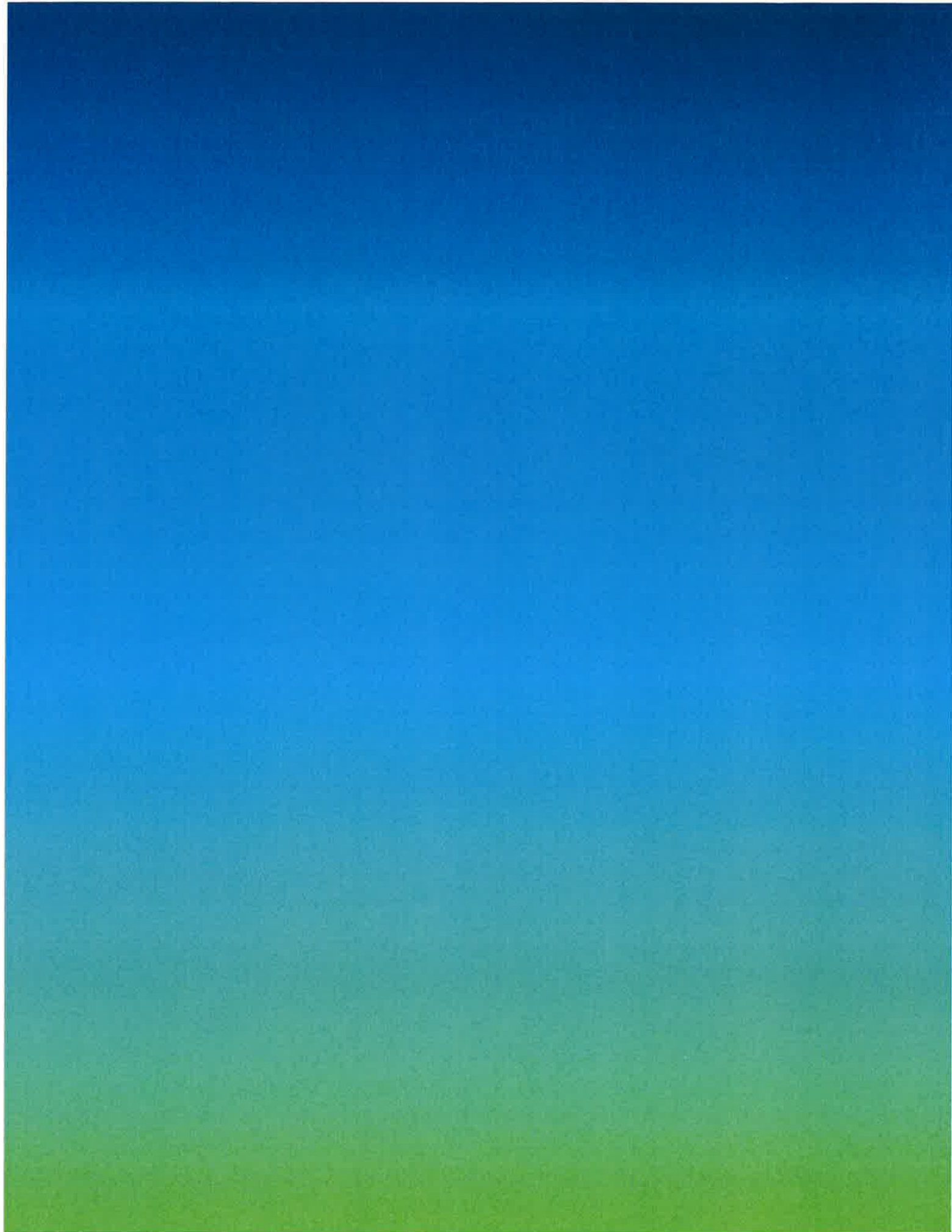
SECTION 10.1.5 – Plans for Encouraging Prime Contractors to Subcontract WMDVLGBTBE Suppliers

As noted in Section 9.1.5, we believe requiring our prime contractors to report their tier two spend quarterly and reviewing and monitoring results throughout the year will provide the prime and California American Water with opportunities to work together to identify ways to increase subcontractor engagement and spending. In addition, we will increase the number of prime suppliers invited to attend our Annual Meet the Primes Event. We believe there will be several opportunities for subcontractors to work with our prime contractors on our Monterey Water Supply Project.

SECTION 10.1.6 – Plans for Complying with WMDVLGBTBE Program Guidelines

California American Water is committed to meeting all Supplier Diversity Program compliance areas set both internally and by the California Public Utilities Commission. We continue to hold ourselves accountable to the highest level of integrity as we create and develop administrative processes that will assure prospective diverse suppliers of fair and equitable inclusion in their pursuit of contract opportunities. We are confident this will ensure the best quality products and services to the communities we serve.





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