

SWD-2 Resolution Supporting Diversity in Financial & Professional Services for Investor-Owned Utilities

Whereas historically, financial services institutions have played a critical role in the regulatory framework and market participation of investor-owned utilities, including but not limited to cost of capital, debt and preferred equity issuance of securities, investment management of employee pensions, nuclear decommissioning trust funds, mergers and acquisitions, futures markets, and other critical components of utility operations;

Whereas professional services institutions, including law firms, information technology firms, advertising and marketing firms, business consulting firms, banking firms, engineering and technical consulting firms, and human resources services, also play a critical role in the regulatory framework of investor-owned utilities by providing ancillary services in the operation of the institution from licensing and certifications to rate cases;

Whereas historically, veterans, women, and minorities, including African-Americans, Hispanics, Asians and Pacific Islanders, and Native Americans, have been underrepresented in the financial and professional services industries relationships with investor-owned utilities, which has limited the ability of such firms to achieve their economic potential and to spur job growth in underserved communities, which may bring lower cost advantages by way of increased competition to ratepayers;

Whereas supporting supplier diversity for the diverse financial and professional services firms is an essential business need, because it brings enhanced benefits to society by supporting increased competition, and helps to sustain the overall health of America's economy, including underrepresented communities, while creating jobs;

Whereas it is desirable to increase the participation of diverse firms in the investor-owned utilities to utilize their unique talents and resources, which can broaden the number of investors seeking to purchase utilities' financial instruments, both of which may lower utilities' cost of capital due to expanding markets for common and preferred stock, as well as long-term debt, leading to lower costs to ratepayers;

Whereas it is beneficial to increase the participation of diverse firms in the management and servicing of utility employee pension funds, Nuclear Decommissioning Trust Funds ("NDTF"), and investment management services to better shape the governance of the trust funds to improve returns and/or lowering ratepayer risks through the diversification of ideas and investments that these firms offer;

Whereas it is desirable to increase the participation of diverse firms to provide additional competition among financial and professional suppliers to investor-owned utilities, thereby providing opportunities for lower financial costs;

Whereas it is beneficial to increase the participation of diverse firms in the competitive and/or negotiated bidding rules for the utilities to provide additional opportunities to strengthen diverse firms, which may be to the ultimate benefit of the utilities' ratepayers and shareholders;

Whereas procurement decisions are made by the utility parent company leadership, including the chief financial officer, treasurer, general counsel, and other executive leaders, and we hope that these entities and executives take the importance of supplier diversity in both the financial and professional services into consideration when making procurement determinations within their utilities;

Whereas the Board of Directors of the National Association of Regulatory Utility Commissioners convened at its 2011 Summer Committee Meetings in Los Angeles, California and through the initiative and leadership of the Subcommittee on Utility Marketplace Access Chairman Commissioner Harold D. Williams and Vice Chairman Commissioner Timothy Alan Simon adopted a Resolution Supporting Supplier Diversity in Financial Services within Investor-Owned Utilities to develop and cultivate diverse professionals in financial services institutions;

Whereas this Resolution expands and does not supersede said 2011 Resolution;

Whereas to the extent that mergers and acquisition are important in shaping how communities are served by investor-owned utilities, it is recommended that the ideas and expertise of diverse firms be utilized as part of the financial advisory team for the benefit of the ratepayers and the communities in which they live;
now, therefore be it

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2019 Summer Committee Meetings in Indianapolis, Indiana supports enhanced efforts to support supplier diversity within investor-owned utilities.

*Sponsored by the Subcommittee on Supplier & Workforce Diversity
Adopted by the NARUC Board of Directors on July 24, 2019*