

***Resolution Supporting Supplier Diversity in Financial Services within
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; *and*

WHEREAS, Historically, disabled veterans, women, and minorities (or “diverse and emerging financial services firms”) have been underrepresented in the financial services industries relationships with investor-owned utilities, which has limited the ability of such firms to achieve their economic potential, to spur job growth in underserved communities, that may bring lower cost advantages by way of increased competition to ratepayers; *and*

WHEREAS, Supporting supplier diversity for the diverse and emerging financial 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; *and*

WHEREAS, It is necessary to increase the participation of diverse and emerging firms in the investor-owned utilities in order 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; *and; and*

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

WHEREAS, It is necessary to increase the participation of diverse and emerging firms in the investor-owned utilities in order to provide additional competition to the large money center banks and thereby providing opportunities for lower financial costs; *and*

WHEREAS, Since access to capital is the lifeline of small, diverse, and emerging community banks in the United States, it is necessary for investor-owned utilities to increase the compensatory deposit amounts maintained with these banks to facilitate a more liquid and diverse capital market for loans and community development investments; *and*

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

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 and emerging firms be utilized as part of the 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 2011 Summer Committee Meetings in Los Angeles, California, supports enhanced efforts to support supplier diversity within investor-owned utilities.

Sponsored by the Subcommittee on Utility Marketplace Access

Adopted by the NARUC Board of Directors July 20, 2011