

Subcommittee on Supplier & Workforce Diversity

November 17, 2019 Business Meeting

Chair Sadzi Oliva

Vice-Chair Willie Phillips



**NARUC Annual Meeting and Education Conference:
Subcommittee on Supplier & Workforce Diversity
Panel**

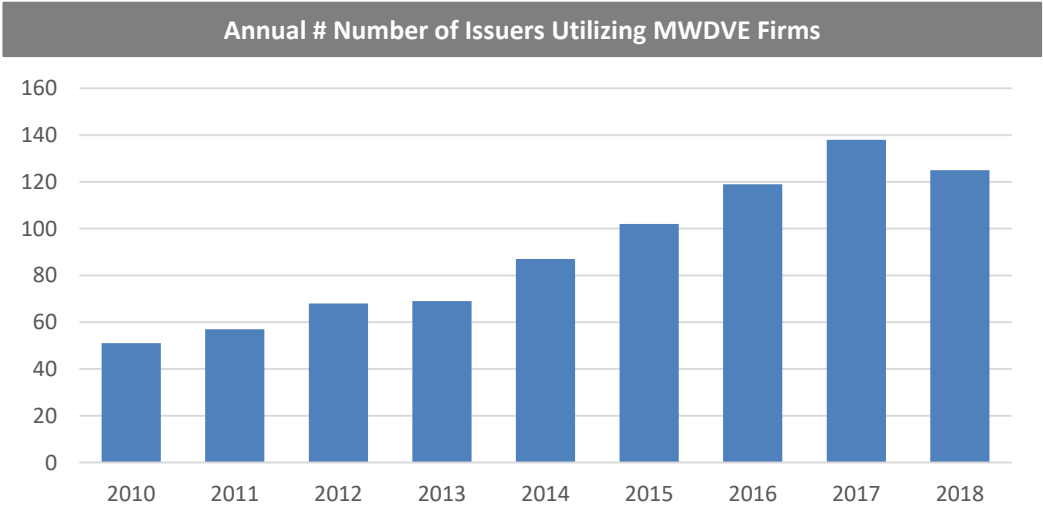
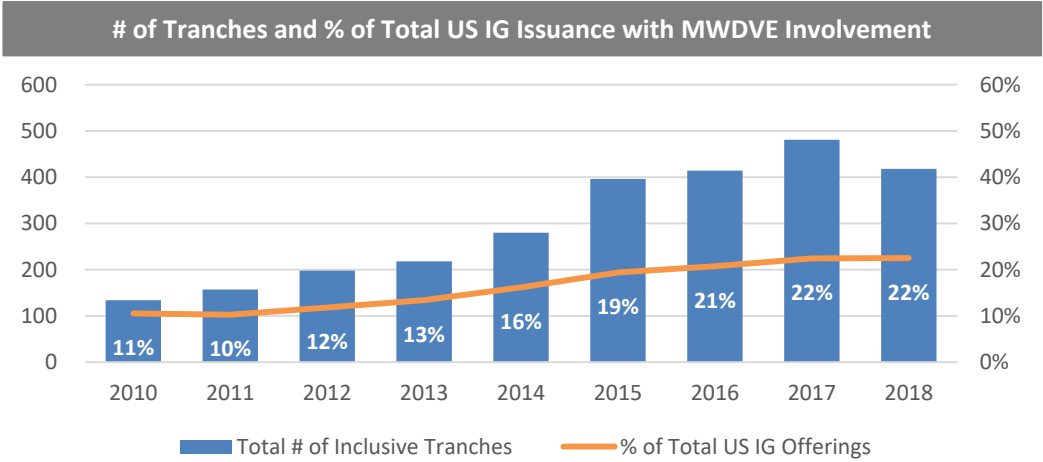
**The Use of Diverse Investment Banking Firms in the Utility
Industry**

By Timothy Alan Simon Esq., Commissioner Emeritus

Growth in Utilization of MWDVE Firms in US Corporate IG Offerings

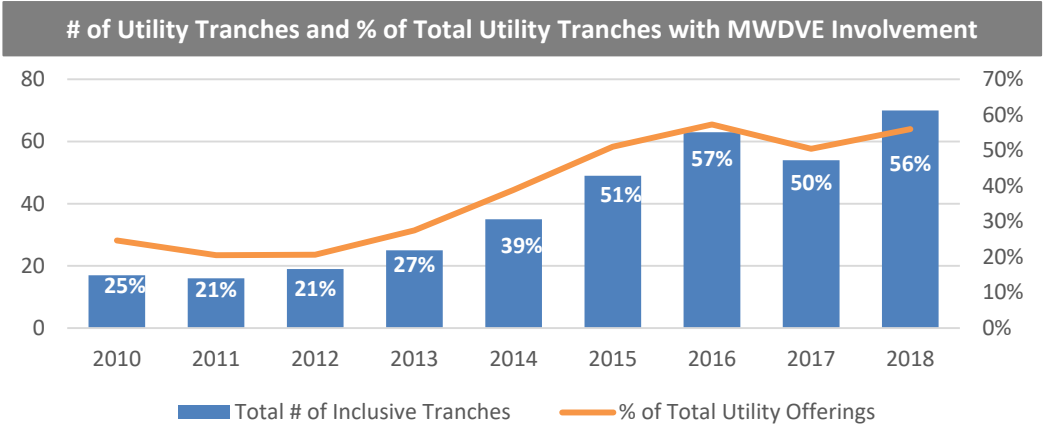
Since 2010, the number of tranches with MWDVE firms has nearly quadrupled, growing from 134 to 418, and the rate of utilization has doubled

Since 2010, the annual number of issuers using MWDVEs has, for the most part, steadily increased

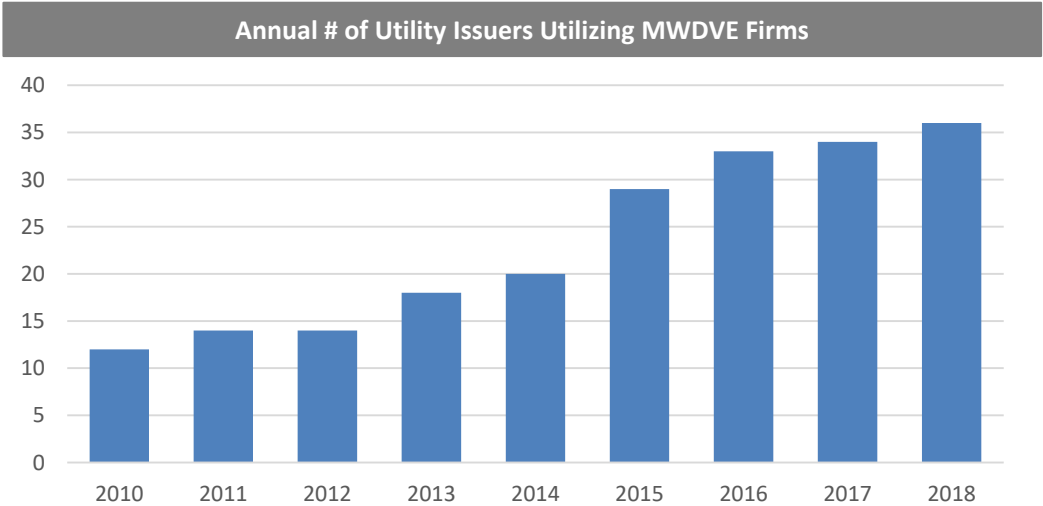


Growth in Utilization of MWDVE Firms in US Utility Debt Offerings

Since 2010, the number of utility tranches with MWDVE firms has nearly quadrupled, growing from 17 to 72, and the rate of utilization has doubled



Since 2010, the annual number of issuers using MWDVEs has, for the most part, steadily increased



MWDVE Leadership Transactions in California

Since 2010, California's major utilities have led the nation in utilizing diverse business enterprises as lead managers.



	2010		2011		2012		2013		2014		2015		2016		2017		2018		YTD 2019		2010 - YTD 2019	
	#	\$MM	#	\$MM	#	\$MM	#	\$MM	#	\$MM	#	\$MM	#	\$MM	#	\$MM	#	\$MM	#	\$MM	#	\$MM
San Diego Gas & Electric	0	0	2	650	1	250	1	450	0	0	0	0	1	500	1	400	1	400	0	0	7	2,650
Southern California Gas	1	300	0	0	1	350	0	0	2	750	1	600	1	500	0	0	2	950	0	0	8	3,450
Southern California Edison	0	0	2	750	1	400	2	1,000	1	400	0	0	0	0	0	0	0	0	0	0	6	3,550
Pacific Gas & Electric	0	0	1	250	1	400	1	375	2	950	0	0	1	600	0	0	0	0	0	0	6	2,575
Total	1	300	5	1,650	4	1,400	4	1,825	5	2,100	1	600	3	1,600	1	400	3	1,350	0	0	27	11,225

Diversity & Inclusion (D&I) Transactions

A comprehensive approach utilizing diverse firms as lead managers as well as legal counsel, modeled off the Toyota Motor Credit Corp. D&I Funding Program.



Duke Energy Ohio

First Mortgage Bonds
3.700% due 2046

Joint Bookrunners

*Citigroup
Lebenthal
Loop Capital Markets
Mischler Financial
Ramirez & Co.
Williams Capital*

Company Counsel
Hunton & Williams

\$350,000,000 **April 5, 2016**



Toyota Motor Credit

2-Year FRN due 2018

Joint Bookrunners

*Citigroup
CastleOak Securities
Lebenthal & Co.
Mischler Financial
Ramirez & Co.
Williams Capital*

Company Counsels

*Davis Polk & Wardwell LLP Love & Long LLP**
*diversity owned firm

Alternative 1

Lead Manager – Rotating One Diversity Firm as Lead Manager

Regardless of the alternative chosen for a lead manager role, the major responsibilities of a diversity firm should be in line with those expected of a bulge-bracket firm. That is, a qualified diversity firm should possess the same skill set as a bulge-bracket deal manager, and further, should be expected to be able to deliver all deal execution services provided by a larger firm.

- **Under Alternative 1, a diversity firm fully participates in the rotation of pre-transaction capital markets intelligence calls, full and equal responsibilities in the book building process, issuer updates, transaction stabilization activities, and post transaction follow-up and reporting requirements.**
 - On the following page, we provide an example of a successful transaction completed under Alternative 1.

Suggested Structure – Alternative 1

- **One diversity firm accompanies two or three bulge-bracket firms as active bookrunner**
 - Diversity firm provides same pre-transaction capital market intelligence and takes turn in normal rotation of market update calls
- **Each member of syndicate has a specific mandate from the issuer to bring orders to the transaction**
- **Bond allocations are spread equally across**

Alternative 1 – Case Study (2016)

San Diego Gas & Electric 10 Year 2.500% First Mortgage Bonds due May 15, 2026



\$500,000,000

First Mortgage Bonds
2.500% due 2026

Joint Bookrunners

Barclays

Citigroup

MUFG Securities America

RBC

Loop Capital Markets

May 16, 2016

Summary Timeline and Statistics - May 16, 2016

Deal Announced to Public:	8:15 am EST
Order Book Declared Subject:	12:15 pm EST
Deal Officially Launched:	12:26 pm EST
Deal Priced:	2:08 pm EST

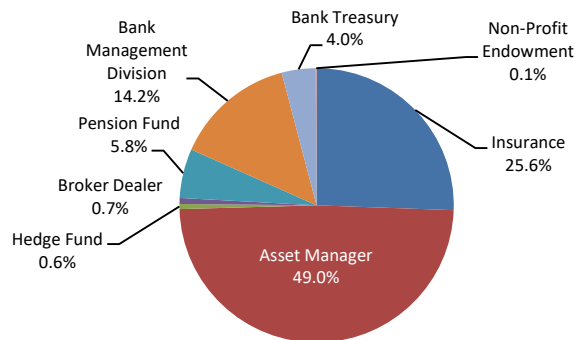
Credit Spreads

10-Year

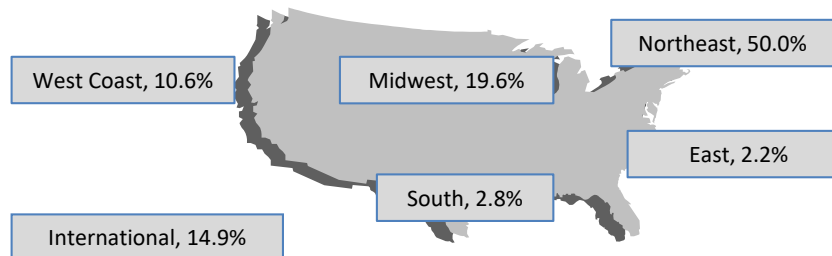
Unofficial Price Whisper:	T + 95 area
Official Price Guidance:	T + 80 area (+/- 2)
Launch & Final Pricing:	T + 78 bps
Order Book at Pricing:	\$1.442 billion, 100 accounts
Final Allocation:	\$500.0 million, 73 accounts

Analysis of Final Allocations

Type of Investors



Location of Investors



2018 Utility Issuers by State and MWDVE Participation

State	Issuer	Issuance Volume (\$mm)	Number of MWDVEs Involved	Inclusive Tranches
AL	Alabama Power Company	500	3	1
AR	Entergy Arkansas, LLC	250	0	0
AZ	Arizona Public Service Company	300	0	0
	Tucson Electric Power Company	300	0	0
CA	Edison International (NYSE:EIX)	550	0	0
	Pacific Gas and Electric Company	800	0	0
	San Diego Gas & Electric Company	400	3	1
	Sempra Energy (NYSE:SRE)	4,970	0	0
	Southern California Edison Company	2,720	16	7
	Southern California Gas Company	950	5	7
CO	Public Service Company of Colorado	700	0	0
CT	The Connecticut Light and Power Company	500	1	1
DC	WGL Holdings, Inc.	250	0	0
DE	Atlantic City Electric Company	350	2	1
FL	Duke Energy Florida, LLC	1,000	4	2
	Florida Power & Light Company	1,690	5	2
	Tampa Electric Company	720	0	0
IA	Berkshire Hathaway Energy Company	3,190	1	1
	Interstate Power and Light Company	500	2	1
	MidAmerican Energy Company	690	0	0
ID	Idaho Power Company	220	0	0
IL	Ameren Illinois Company	930	6	2
	Commonwealth Edison Company	1,350	7	2
IN	NiSource Inc. (NYSE:NI)	350	0	0
LA	Entergy Louisiana, LLC	1,350	1	1
MA	Eversource Energy (NYSE:ES)	1,550	1	4
	National Grid North America Inc.	1,030	0	0
MD	Baltimore Gas and Electric Company	300	2	1

2018 Utility Issuers by State and MWDVE Participation

State	Issuer	Issuance Volume (\$mm)	Number of MWDVEs Involved	Inclusive Tranches
MI	CMS Energy Corporation (NYSE:CMS)	450	0	0
	Consumers Energy Company	1,390	4	3
	DTE Electric Company	520	0	0
	DTE Energy Company (NYSE:DTE)	600	2	1
MN	Xcel Energy Inc. (NasdaqGS:XEL)	500	0	0
MO	Kansas City Power & Light Company	300	2	1
	Union Electric Company	425	4	1
MS	Mississippi Power Company	600	3	2
NC	Duke Energy Carolinas, LLC	1,990	6	4
	Duke Energy Corporation (NYSE:DUK)	500	1	1
	Duke Energy Progress, LLC	800	2	2
NJ	American Water Works	1,325	9	2
	Public Service Electric and Gas Company	1,350	4	4
	South Jersey Industries, Inc. (NYSE:SJI)	250	0	0
NM	PNM Resources, Inc. (NYSE:PNM)	300	0	0
NV	Nevada Power Company	570	0	0
	Southwest Gas Corporation	300	3	1
NY	Consolidated Edison Company of New York, Inc.	2,730	3	5
	National Fuel Gas Company (NYSE:NFG)	300	0	0
OH	AEP Texas Inc.	500	0	0
	AEP Transmission Company, LLC	320	0	0
	American Electric Power Company, Inc. (NYSE:AEP)	1,000	0	0
	Indiana Michigan Power Company	820	0	0
	Mid-Atlantic Interstate Transmission, LLC	450	0	0
	Ohio Power Company	400	0	0
	Southwestern Electric Power Company	1,020	3	1
OK	Oklahoma Gas and Electric Company	400	1	1
	ONE Gas, Inc. (NYSE:OGS)	400	0	0

2018 Utility Issuers by State and MWDVE Participation

State	Issuer	Issuance Volume (\$mm)	Number of MWDVEs Involved	Inclusive Tranches
PA	PECO Energy Company	640	4	2
	PPL Electric Utilities Corporation	400	0	0
SC	South Carolina Electric & Gas Company	700	0	0
SD	Black Hills Corporation (NYSE:BKH)	400	0	0
TX	Atmos Energy Corporation (NYSE:ATO)	600	0	0
	Centerpoint Energy Houston Electric, LLC	400	2	1
	Centerpoint Energy Resources Corp.	600	2	1
	CenterPoint Energy, Inc. (NYSE:CNP)	1,500	1	1
	Oncor Electric Delivery Company LLC	1,120	0	0
	Southwestern Public Service Company	300	0	0
VA	Dominion Energy, Inc. (NYSE:D)	800	0	0
	Virginia Electric and Power Company	1,290	1	2
WA	Avista Corporation (NYSE:AVA)	370	0	0
	Puget Sound Energy, Inc.	600	0	0
WI	Northern States Power Company	200	0	0
	WEC Energy Group, Inc. (NYSE:WEC)	600	1	1
	Wisconsin Electric Power Company	300	0	0
	Wisconsin Public Service Corporation	400	1	1
	Total	60,790		72



**FLORIDA UTILITY ROUNDTABLE AND
LUNCHEON WITH DIVERSE SUPPLIERS OF
INVESTMENT BANKING SERVICES**

featuring

CHAIRMAN ART GRAHAM
Florida Public Service Commission



Greetings!

We are pleased to invite you to a roundtable luncheon featuring the **Honorable Art Graham**, Chairman of the Florida Public Service Commission. The luncheon is scheduled for Tuesday, October 22, 2019 from 11:30 AM – 1:30 PM at TPC Sawgrass in Ponte Vedra Beach, Florida. Registration and networking begin at 11:00 AM with the program beginning at 11:30 AM.

After Chairman Graham's remarks, and at his suggestion, the participants will engage in a working discussion of the alternatives outlined in the "The Use of Diverse Investment Banking Firms in the Utility Industry" white paper. The objective will be to identify and agree on feasible, specific next steps for moving toward having diverse investment banking firms achieve more meaningful participation in Florida utility capital raising and other investment banking activities.

We hope you will be available for networking opportunities before and immediately following the program. If you have any additional questions, please contact the hosts listed below.

**TUESDAY,
OCTOBER 22, 2019**

11:00AM- 1:30PM

TPC Sawgrass
110 Championship Way
Ponte Vedra Beach, FL
32082

**REGISTER
TODAY**

Registration Deadline
is October 18, 2019



Contact:
Suphia Simon
TAS Strategies
suphia@tasstrategies.com
(415) 272-5969

Sincerely,

Sidney Dillard, Partner
Loop Capital Markets
(312) 356-5008
sidney.dillard@loopcapital.com

Ray O'Connor, Managing Director
Samuel A. Ramirez & Co.
(212) 248-1215
ray.oconnor@ramirezco.com

[CLICK HERE TO REGISTER](#)



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NARUC Subcommittee on Supplier & Workforce Diversity

November 17, 2019
San Antonio, Texas



Robert F. Powelson
President & CEO

**"Diversity is the one true thing we all
have in common.
Celebrate it every day."**

- Anonymous

A Workforce Crisis In The Utility Industry

in the next 10 years...

37%

of the water utility workers will retire

31%

of wastewater utility workers will retire

Source: US Government Accountability Office

What Does This Mean?



Knowledge gap is widening.

Skills training is critical.

Successful utilities need to be 'employers of choice.'

Building The Next Water Workforce

Diversity & Inclusion: A Business Imperative

2X

as likely
to meet or
exceed
financial
targets

3X

as likely
to be
high
performing

6X

as likely
to be
innovative
and agile

8X

as likely to
achieve
better
business
outcomes

Source: Deloitte Review, Issue 22, January 2018

NAWC Members & Workforce Diversity



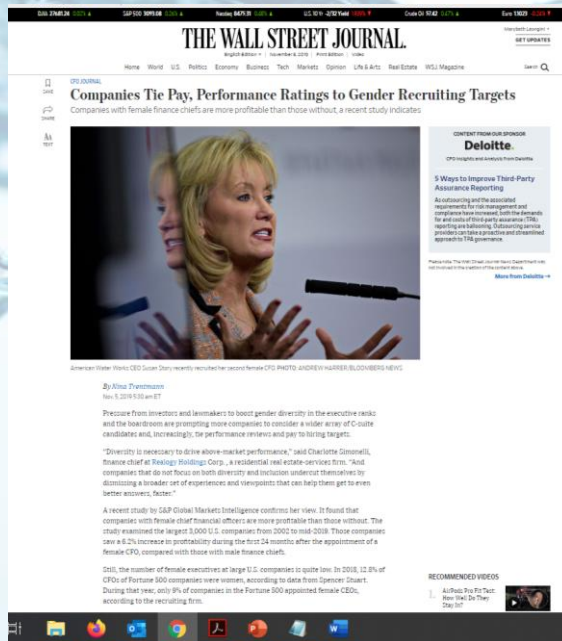
24%
Women
In
Workforce

22%
Minorities
In
Workforce

27%
Women
In
Management

SUEZ met initial diversity targets for its workforce in 2018.
Increasing diversity and exceeding these targets is a constant priority for the company.

NAWC Members & Workforce Diversity



“At American Water Works Co., over half of all company transfers and promotions in 2018 were taken by women, ethnic minorities, people with disabilities or veterans,” said Susan Story, the Camden, N.J.-based company’s chief executive.

NAWC Members & Workforce Diversity



“Beautifully Different”
highlights employees
from across the
company sharing what
makes them unique.

NAWC Members & Workforce Diversity



**Suburban
Water Systems**

A SouthWest Water Company

UNCONSCIOUS BIAS TRAINING

- ✓ Stereotype Replacement
- ✓ Counter-Stereotype Training
- ✓ Individualism
- ✓ Perspective Taking
- ✓ Increased Contact

**After training,
Suburban Water
System participants
reported increased
diversity awareness
and decreased subtle
gender bias.**

Veteran Hiring Initiatives



**helps bridge
the gap
between vets in
need of work
and aging
industries in
need of their
skills.**



**Veterans
account
for
8%
of
EPCOR's
workforce.**



**Suburban
Water Systems**

A SouthWest Water Company



NAWC Members & Supplier Diversity



Cal Water's Supplier Diversity Program means \$48.6M in diverse supplier spending, an increase of \$6.38M over 2017.

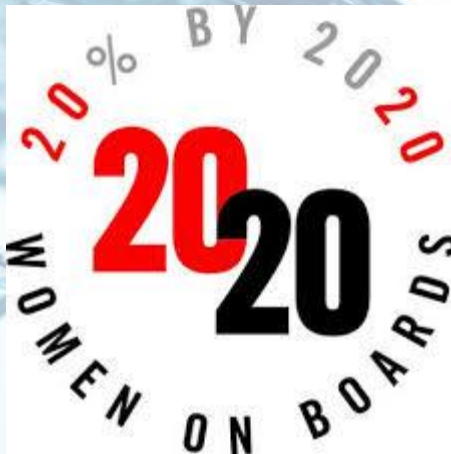
NAWC Member Awards

Middlesex Water:

EW NJ

Executive Women
of New Jersey

Aqua:



Cal Water:



CA American Water:



A dynamic background image showing a splash of water with numerous bubbles and droplets, creating a sense of movement and freshness. The water is a clear, light blue color, and the bubbles are of various sizes, some appearing as small spheres and others as elongated droplets. The overall effect is bright and clean.

Questions & Discussion

Subcommittee on Supplier & Workforce Diversity

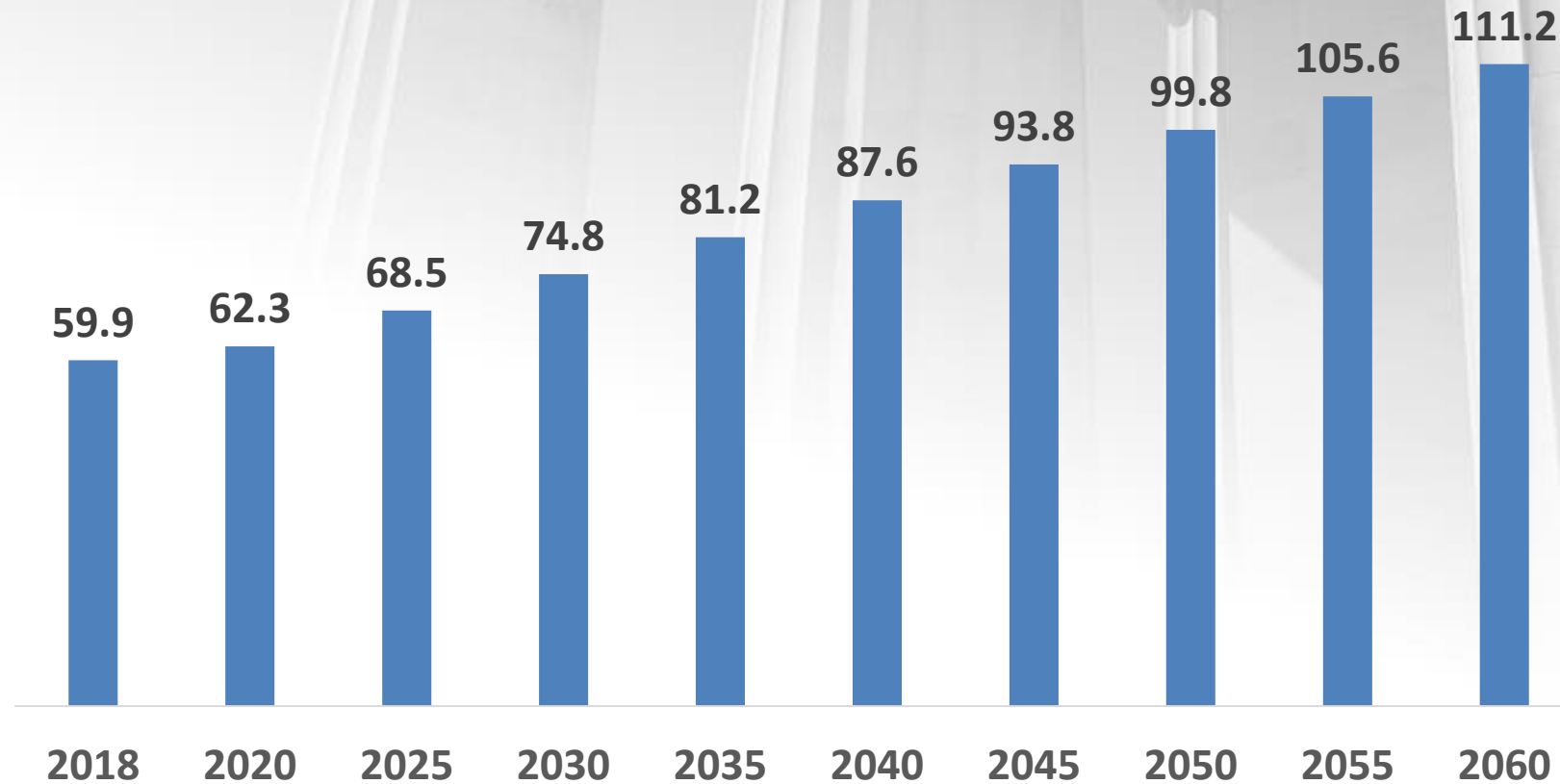
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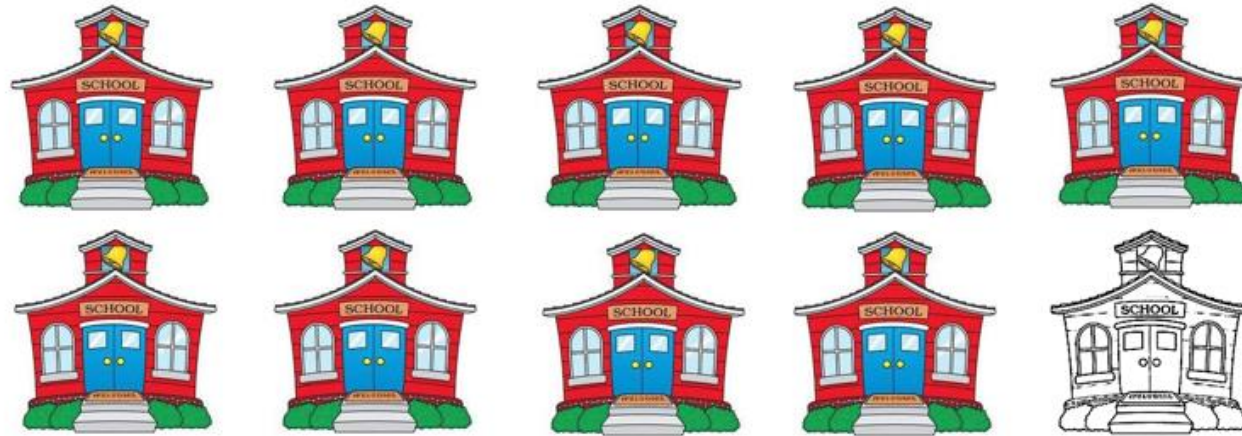
Vice-Chair Willie Phillips

Hispanic Association of Colleges & Universities (HACU)

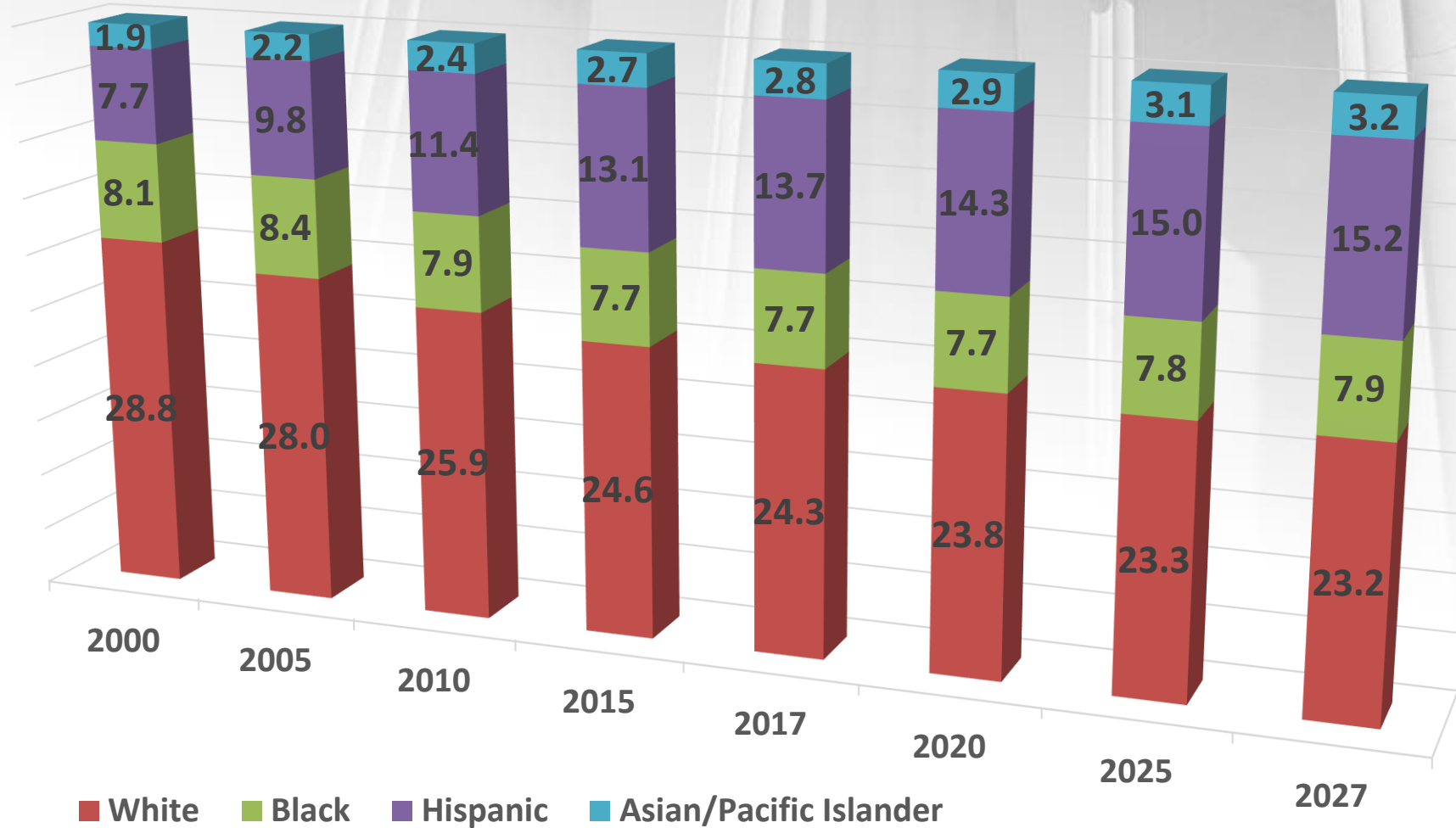
U.S. Hispanic Population Projection in Millions



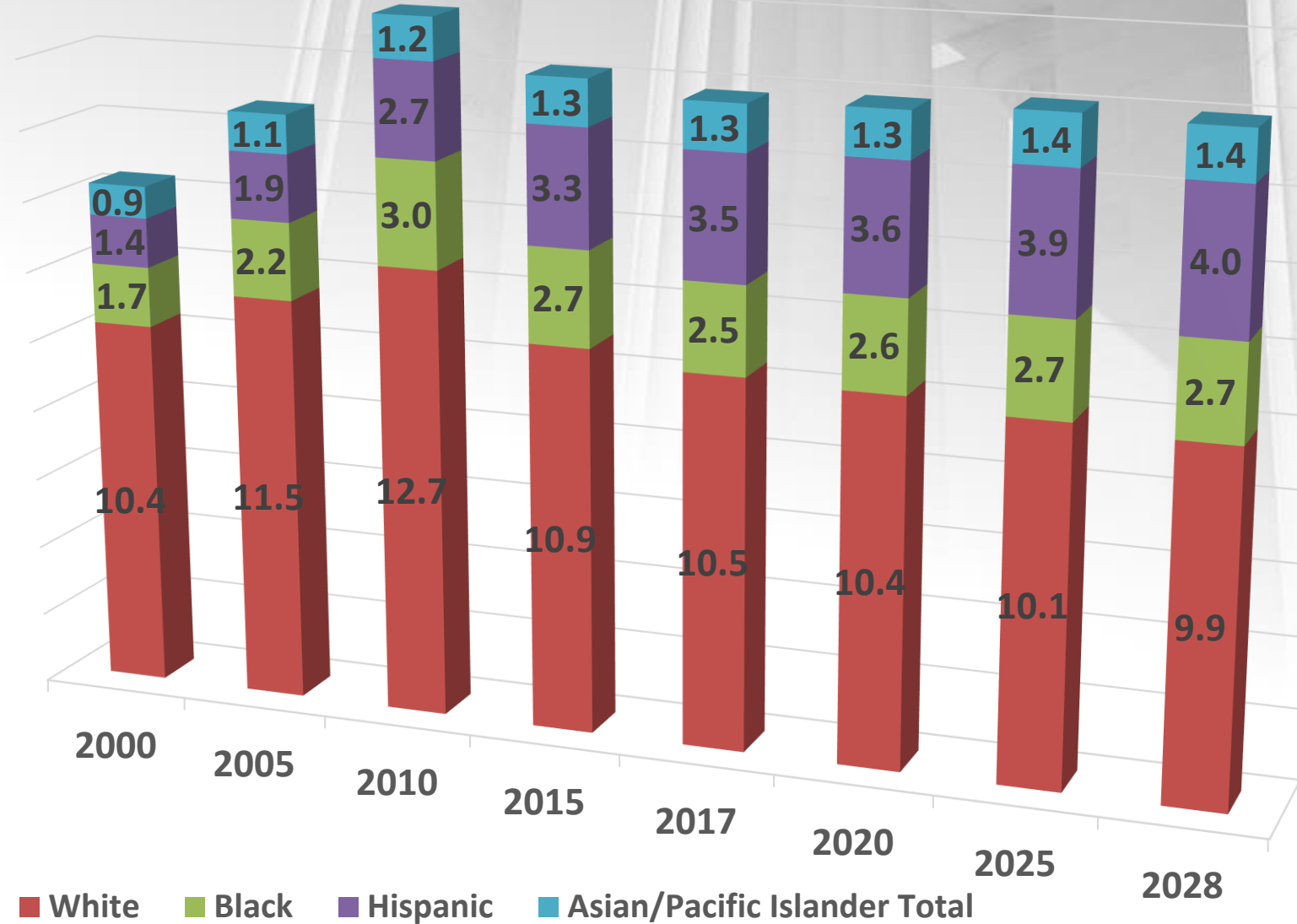
9 out of 10 Largest U.S. School Districts are Hispanic-Serving School Districts (HSSDs)



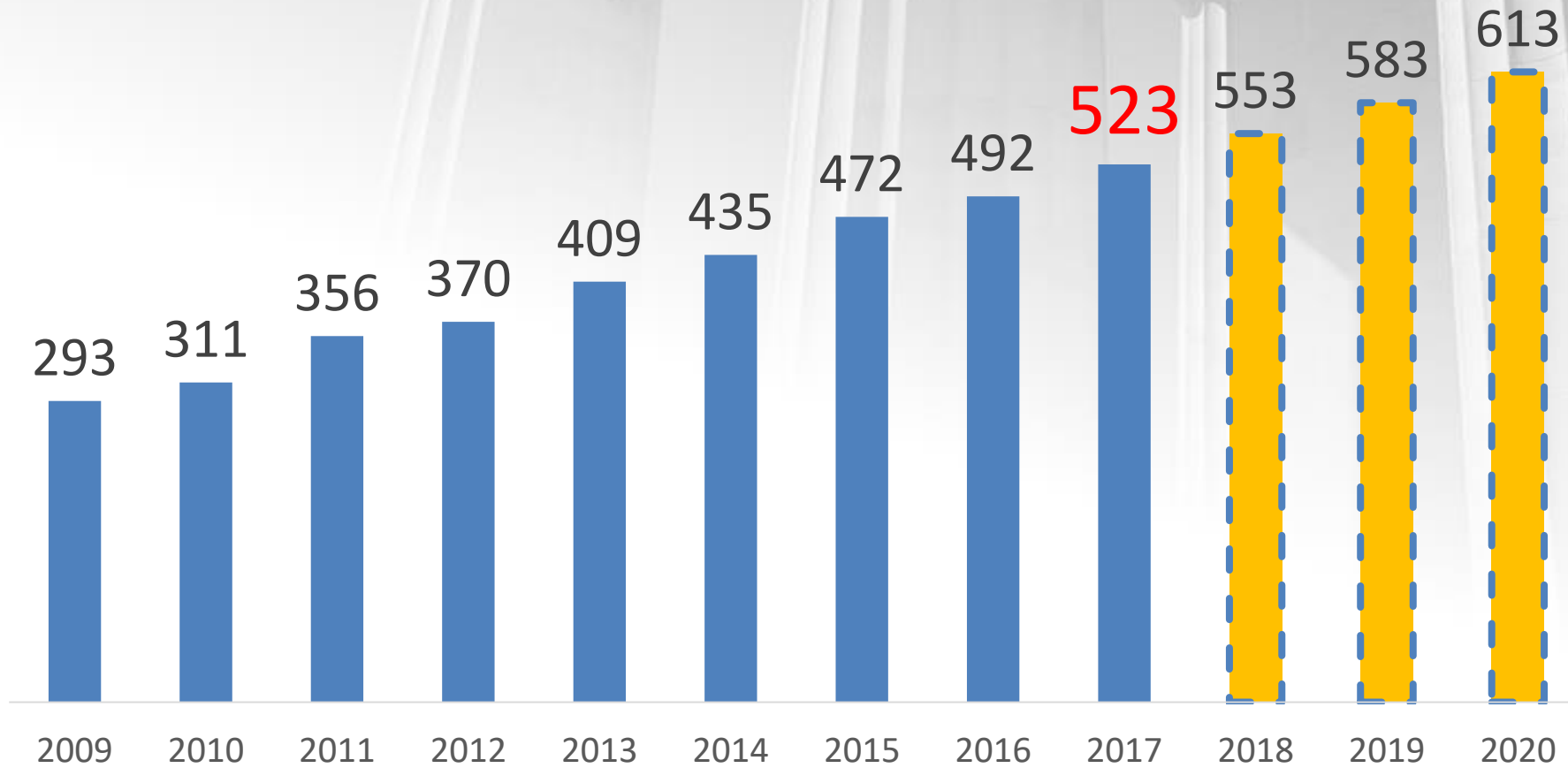
Enrollment Patterns in Public Elementary and Secondary Schools in Millions



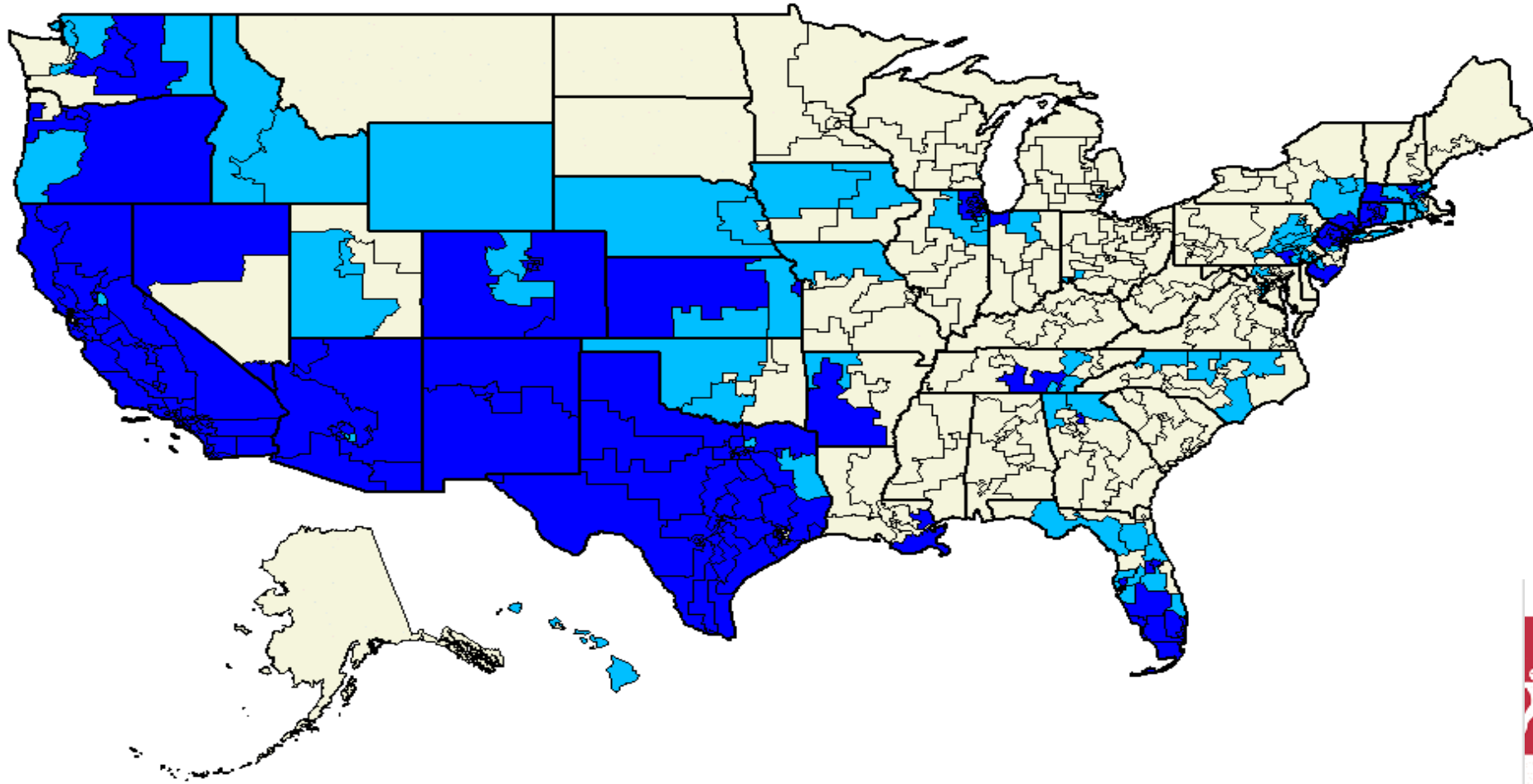
Enrollment Patterns in Higher Education in Millions



HSIs: Past, Current, & Projected



Hispanic-Serving Institutions - Present and Emerging By Congressional District



Color Code Hierarchy:

■ Hispanic-Serving Institution ■ Emerging Hispanic-Serving Institution ■ None