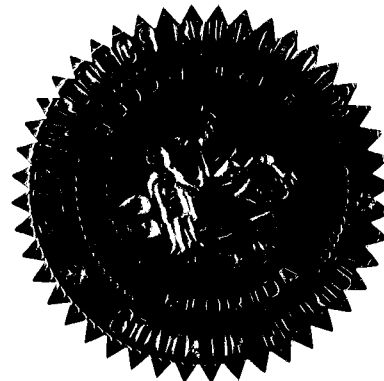


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. UNDOCKETED

In the Matter of

WORKSHOP ON ECONOMIC DEVELOPMENT  
AND SMALL BUSINESS PROCUREMENT BY  
INVESTOR-OWNED UTILITIES.



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15 PROCEEDINGS:                   WORKSHOP

16 BEFORE:                         CHAIRMAN LISA POLAK EDGAR  
17                                    COMMISSIONER J. TERRY DEASON  
18                                    COMMISSIONER ISILIO ARRIAGA  
19                                    COMMISSIONER MATTHEW M. CARTER, II  
20                                    COMMISSIONER KATRINA J. TEW

21 DATE:                             Wednesday, April 12, 2006

22 TIME:                             Commenced at 1:30 p.m.  
23                                    Concluded at 4:05 p.m.

24 PLACE:                            Betty Easley Conference Center  
25                                    Room 148  
                                      4075 Esplanade Way  
                                      Tallahassee, Florida

REPORTED BY:                    JANE FAUROT, RPR  
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FLORIDA PUBLIC SERVICE COMMISSION

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## P R O C E E D I N G S

1  
2 CHAIRMAN EDGAR: Good afternoon. Welcome all, and  
3 thank you for joining us here today for our workshop on  
4 economic development and small business procurement. I know  
5 that we have all learned first-hand very recently, primarily  
6 with the impact of the hurricanes over the past few years, how  
7 the work of our utilities impact our daily lives and, of  
8 course, the ripple effect that that has on our local  
9 businesses, our local communities, and our economic  
10 development.

11 Today, we are going to talk about all kinds of  
12 good-news stories and good-news activities. We are going to  
13 hear more about the services that the utilities and their  
14 workers and their contractors and their procurement processes  
15 perform within our communities, the work that they do with  
16 small businesses, and the work that they do with community  
17 action organizations. And I know I am looking forward to  
18 learning more about all of that. We are also going to focus,  
19 in particular, on the work that our utilities do in conjunction  
20 with and in support of small businesses and the impact that  
21 that has on our state and on our economy. So, thank you again  
22 all for being with us today.

23 I want to also thank Commissioner Arriaga, to my  
24 left, who is very much an initiator of this discussion this  
25 afternoon, and ask him to give us a few comments.

1 COMMISSIONER ARRIAGA: Thank you, Madam Chairman.

2 Thank you, Commissioners, for your support and your  
3 enthusiasm. Your presence here honors me.

4 Good afternoon, everyone. A few words of  
5 appreciation and recognition first. Ms. Susan Story, here  
6 present today as Vice Chairman of Enterprise Florida, and Mr.  
7 John Adams, the president and CEO. I had the opportunity and  
8 the honor of working with your institution during my brief  
9 tenure as president of the Greater Miami Chamber of Commerce.  
10 I know what you can do, and I am looking forward to the  
11 information you can provide for us.

12 Mr. Windell Paige, thank you for coming. I really  
13 appreciate your being here, and I thank Commissioner Carter for  
14 the initiative of inviting Mr. Paige. I know that you will  
15 provide, also, wonderful information. And my special thanks to  
16 the telecom and the electric industry for your quick response  
17 to our invitation and our call to action. I hear that you are  
18 very proud of the accomplishments that you have made in the  
19 area of small business procurement and minority development.

20 My special thanks to the staff represented by Doctor  
21 Mary Bane who from day number one took this initiative as  
22 something that belongs to her, and to Bev DeMello, who has made  
23 this happen.

24 The purpose of this workshop, as Chairman Edgar just  
25 indicated, is to identify ways in which investor-owned

1 utilities contribute to the economic development in Florida  
2 with specific focus on their efforts, your efforts to procure  
3 contracts with small businesses, which includes minority-owned  
4 businesses: Women, blacks, Hispanics, minorities in general.

5 I'm sure that all of you are proud of your success  
6 and accomplishment in this area, but I am also sure that you  
7 recognize that there are always potential, there is always  
8 potential for improvement. We are planning, and one of the  
9 purposes of the information that we are going to gather here  
10 from you today is that we are planning to use the result of  
11 this workshop to present that the Utility Market Access  
12 Partnership Board, which is an organization within NARUC, at  
13 the summer committee meeting in San Francisco. It is my  
14 intent, depending on the information that you provide and the  
15 good efforts that you will be able to provide in the future,  
16 that we showcase the Florida PSC and the industry that it  
17 regulates in the forefront of this important economic activity.

18 I hope that our efforts are recognized by our  
19 nomination, the potential nomination as recipient of the yearly  
20 UMAP NARUC Leadership Award in the area of business development  
21 during NARUC's November meeting in Miami.

22 There is one absent person here, which is a very dear  
23 friend of mine, Commissioner Harold Williams from the Maryland  
24 PSC, and also president of the Utility Market Access  
25 Partnership Board. As you know, he was supposed to be here and

1 explain to us the programs that UMAP is doing within NARUC.  
2 But things are a little hectic in Maryland these days, and you  
3 from the electric industry know very well what's going on,  
4 especially the FPL people here present, and he had to excuse  
5 himself. You understand.

6 We look forward to hearing your presentations. Once  
7 again, welcome. And, thank you, Madam Chair.

8 CHAIRMAN EDGAR: Thank you. Before we move into our  
9 presentations, I'm going to ask our staff to read the notice.

10 MR. HARRIS: Pursuant to notice issued March 16th,  
11 2006, this time and place have been set for an informal  
12 Commission workshop on economic development and small business  
13 procurement. The purpose of the workshop is as set forth in  
14 the notice.

15 CHAIRMAN EDGAR: Thank you, Mr. Harris.

16 And now I think we are ready to here from all of you.  
17 We will start off with the presentation from Mr. John Adams.

18 Mr. Adams.

19 MR. ADAMS: Thank you very much. It is a pleasure to  
20 be before you today, and thank you for the invitation. I'm  
21 John Adams, the President and CEO of Enterprise Florida.

22 As you are aware, Enterprise Florida is the economic  
23 development agency, arm, and focus of the state's activities,  
24 and their promotion of Florida and its great product throughout  
25 this state and also in its attraction in creating value-added

1 jobs.

2           What is Enterprise Florida? Primarily, the key focus  
3 is that it is a most unique entity which makes us very  
4 competitive. It is a public/private cooperation established  
5 ten years ago, and this partnership allows the best of both  
6 worlds. Clearly, the development of the strategy and the  
7 implementation of means to attract and develop jobs is critical  
8 to the economy of Florida, and that is clearly the focus of our  
9 organization as the official economic development organ.

10           Our organization is chaired by the Governor, Jeb  
11 Bush. Governor Bush, clearly has, as you are aware, a very  
12 tremendous focus on economic development across the full  
13 spectrum of the Florida economy. Our headquarters office is in  
14 Orlando with offices in Tallahassee and our international  
15 office is in Miami. We have six satellite offices and some 13  
16 international offices that are critical to products and  
17 services that we make available worldwide from Florida.

18           As a public/private organization, what is key here is  
19 to use and to work with and we were mandated to work with the  
20 private sector with a board that is made of by appointments by  
21 the leadership and the Governor as well as individuals from the  
22 private sector. This board is critical, and obviously they are  
23 many times very local and full regional and statewide reach as  
24 far as the development of the economy and their interest in  
25 that.

1           Our mission is quite straightforward, diversify  
2 Florida's economy and create better paying jobs for its  
3 citizens by supporting and attracting and helping to create  
4 businesses, innovation, and high growth industries. With the  
5 focus of this meeting, I will point out to you that some 90  
6 percent of the businesses in this state would qualify as small  
7 business.

8           Small business is a moving target. I believe the SBA  
9 has a criteria that has it under 500 employees. What I would  
10 do is back that off that over 90 percent is probably under  
11 about 200 employees. For instance, in the manufacturing  
12 sector, some 95 percent are very small direct companies doing  
13 projects and products and services that are as broad as the  
14 spectrum that are available. Quite clearly, we do have major  
15 multinationals here, but as you are aware, much of their  
16 sourcing, much of their employment, much of their outreach is  
17 with the small business sector, which is absolutely critical  
18 for the competition of the state.

19           Enterprise Florida's role is, as I have indicated,  
20 quite straightforward. Number one, to market the state both in  
21 the state, nationwide, and to attract foreign direct investment  
22 and buyers from our international market, which is to foster  
23 international trade. Third, advocate the business climate and  
24 business climate issues. Basically, again, our competitive  
25 nature of what Florida is doing. We have an initiative, for



1 instance, we are supporting to look at how equipment and  
2 machinery is taxed to be competitive in this environment. This  
3 would be a major small business issue where you would have a  
4 small manufacturer. I have met with a number of them that have  
5 10 to 15 to 20 employees, but that marginal difference to be  
6 able to add and expand their equipment is critical as they stay  
7 in the Florida economy.

8           Build relationships with economic development  
9 partners. This is probably one of the most unique features  
10 that drives our focus at Enterprise Florida. Our outreach is  
11 clearly statewide. Our partners are basically the same, but  
12 they could be different in different communities. Economic  
13 development entities, chamber of commerce, commissioners who  
14 are involved at state levels. The utility companies very much  
15 are probably the entity -- or the companies are the most  
16 involved as a corporate level, which is part of the focus of  
17 your presentation here.

18           There is nowhere I have been in the state that you  
19 don't have a presence and an outreach by the utility companies.  
20 They get it. They really get it. They understand it. And,  
21 again, the basis of their customer base is that. I know after  
22 a hurricane we had one or two people from our office that were  
23 in South Florida post when the sunshine comes out is what  
24 Mickey calls it, when the sunshine comes out working with SBA  
25 on bridge loans, talking with the utility companies about can

1 this company come back up. And this was directing the small  
2 minority medium-sized companies that didn't have a large cadre  
3 to get them back up, but clearly knew that the focus was to  
4 work through this. So we are really keen to that and have  
5 spent a lot of time on that.

6 And, of course, promote key sectors of the economy.  
7 As you will notice by the next slide, there are two or three  
8 components of this. First of all, the export of products and  
9 services from the state. We just recently launched a major  
10 Dominican Republic Central American Free Trade Agreement,  
11 DRCAFTA Initiative. The exports into Central America and to  
12 those nations total some \$17 billion last year from Florida  
13 companies throughout the state. From soup to nuts. It is just  
14 amazing the products.

15 This agreement and our focus by bringing the  
16 commercial officers here, we had a tremendous statewide meeting  
17 the last four weeks, and where we went into Miami, Tampa,  
18 Jacksonville, Orlando, and Pensacola, and met with -- 95  
19 percent of the participants were all small businesses to look  
20 at the opportunities for them to be prepared to export first  
21 products and also to sell their services.

22 This region is a net importer of everything. I'm  
23 sure they might ship a few more bananas than Florida does,  
24 since they have a lot of produce in the area, but across the  
25 board this is a tremendous, tremendous opportunity. Today,

1 some one million Floridians are employed in businesses that  
2 have a major export component to their business. This past  
3 week we were in Pensacola and they gave out awards to nine  
4 companies. Just the most unbelievable cross-section. Every  
5 one of them small business, but the thing that jumped out to  
6 me, that 25 percent or more of their bottom line is derived  
7 from international business. So surely there is no product or  
8 service that is not exportable.

9           The import of dollars into Florida. This is  
10 definitely around our trade mission where we are looking at  
11 foreign direct investment into the state to clearly bring the  
12 foreign direct investment, but also to enhance our existing  
13 business, to expand that, and create more jobs, high wage jobs  
14 in the market.

15           Targeted sectors is a list I won't read to you, but  
16 clearly this is a broad set of sectors through the state. Now,  
17 the interesting thing about this is that aviation and  
18 aerospace, for instance, is not just making airplanes. It is  
19 about all the support services. I will tell you a quick story.  
20 I was trying to find a company in Orlando, and we were cutting  
21 through the back part of the city there. I got lost, so I  
22 pulled in this company and I walked in there. A company, about  
23 a 40,000 square foot building, no name, just their number on  
24 it, so I walked in to get instructions. I said, "Hi, I need to  
25 know where this is." The lady told me. I said, "What do you

1 do here?" This company makes one little widget, a filament for  
2 the aerospace industry. I looked through there. Here is a  
3 place, fabulous equipment. She says nobody knows we are here,  
4 and we aren't out after publicity. I said, "How have you  
5 been?" She said we have got orders into two or three years.  
6 And so around Florida -- and they thanked me, and we left, and  
7 I will probably never see them again. But my point is is that  
8 as I have traveled around the state, there is company after  
9 company that are making, I guess, the widgets is the slang that  
10 we have used through the years, that are making the widgets and  
11 the components and therein lies a very critical strength to  
12 this economy is to have those jobs that are demanding the  
13 technology, that can make those components to drive the  
14 attraction of the business here.

15           So back to the aerospace where we are looking to  
16 attract companies here. It is great to be out and say, look,  
17 this is the base of your suppliers. These are the individuals  
18 that will make a difference. Financial services you are fully  
19 aware of. We have a tremendous hub in Jacksonville, Tampa,  
20 St. Pete, Miami.

21           Homeland Security. Clearly our ports are so critical  
22 and the dynamics there, and there are just challenges.  
23 Manufacturing and corporate headquarters. Those are two of our  
24 targets to bring here. We're all after that. But I think if  
25 the base continues to be fostered, then that will follow, and

1 we are clearly seeing that. The difference is Florida has got  
2 to remain competitive. And that competitiveness is daily being  
3 challenged by other states who would like to have a piece of  
4 what Florida is doing, and we're doing everything to make sure  
5 that they don't succeed at that.

6 Enterprise Florida, while it is a 501(c)(3), it is  
7 run fully on a business model. We feel this is critical if we  
8 are going to be dealing with companies, small and medium  
9 businesses around the state, then we need to be able to show a  
10 return both for the companies that we work with and the  
11 taxpayers of the state.

12 Our ROI is very healthy as you will notice. The  
13 direct jobs. This past year, the statistics show that some  
14 250,000 jobs were created. 250,000 new people moved into the  
15 state, so that would have been families, and I had to qualify  
16 this as I saw this slide. But our tracking and one of our  
17 accountabilities is how many actual jobs, not that we thought  
18 about, but that we can account for. So as you can see, it is  
19 some 45,000 jobs. The state's labor income is clearly up.

20 What is interesting about the jobs that are being  
21 created is as a value-added job they are going to have a much  
22 larger impact on the state across the board. Again, the growth  
23 has been in the small and medium companies, because they are  
24 producing the services and the support and the widgets to  
25 support the other companies. And tax revenues speak for

1 themselves.

2           The other thing that I am quite pleased about, I come  
3 out of a small business environment. I started with five  
4 employees. We went up to about 47. I took the company to 42  
5 countries. I actually got an SBA loan. That's the hardest  
6 thing. It's easier to get in the Army than it is to get an SBA  
7 loan at that time. SBA has streamlined a lot of their  
8 activities. So as I entered Enterprise, the first thing during  
9 the first weeks there I said what are we doing for small and  
10 minority businesses.

11           I also chair in Washington a small and minority  
12 committee on trade policy, ISAC 14 (phonetic) at the U.S.  
13 Department of Commerce. So for 15 years we have been highly  
14 focused on those programs that will drive jobs and contracts to  
15 small and minority businesses.

16           As I looked at Enterprise, I was able to jot down a  
17 few things that might be of interest to you as I close here.  
18 What are we doing? If we are dealing with these companies and  
19 we are going statewide and we talk about all of this  
20 international activities, but what are we really doing at the  
21 grassroots? The first thing I found out about is we are doing  
22 SBIR, Small Business Innovation Research starter grants. These  
23 grants are for applications for companies to go and find 100 to  
24 300 to \$500,000 to develop a product. The problem with the  
25 company is, though, or the small entrepreneur is they didn't

1 have the money to do the business plan.

2           So we looked across the board, and we are providing  
3 anywhere from two to \$5,000 so the company can prepare their  
4 business plan in conjunction with a university or a community  
5 college to come to bat for 100 or 200,000. We didn't negotiate  
6 a very good deal. I told them if they hit 500,000 we should  
7 get 10 percent back, but we can't do that legally, so I'm not  
8 going to do that. But the fact of the matter is we only have  
9 to hit one in ten and it's a home run. And we have only  
10 started with the first five to eight, and I am waiting to find  
11 out, but I think that is going to be.

12           Manufacturing, Enterprise Florida was the lead in  
13 setting up the Florida Manufacturing Association. They had  
14 been involved on the side, but the association, again, is about  
15 10,000 members of which a majority are small business.

16           The third item is the overseas missions that I talked  
17 about.

18           A fourth item is our website. We have a tremendous  
19 amount of companies. The big companies have all the gurus to  
20 source things. A small company can go to our website, look at  
21 who to contact at a local or regional level. If it's an issue  
22 they need to deal with in Tallahassee for a permit, if it is a  
23 trade mission, whatever, it is a tremendous tool that we have  
24 received great compliments on.

25           The fifth thing is we work very closely with the

1 SBDCs around the state. Previously when I -- I usually don't  
2 talk about where I was before, but I was in South Texas. I  
3 chaired the South Texas Small Business Development Corporation,  
4 and I had one in my organization. So I really get it. I was  
5 94 percent minority, or I was, and we went after the money.  
6 Well, I will tell you the statewide network here is very  
7 healthy. And so we are very happy to partner with them because  
8 they are delivering the course and the contacts and the  
9 incentive for companies to move forward.

10 Two other ones I will point out. Most recently we  
11 supported with letter and had very little to do with it other  
12 than support it was the application for the wired grant through  
13 the Department of Labor to bring in communications, telecom  
14 into a region. Some half a dozen were granted nationwide.  
15 Well, the premier grant went to the panhandle, sixteen counties  
16 in the panhandle of Florida. This is huge. The grant was for  
17 \$15 million. It will be leveraged up to \$30 million. You are  
18 talking about a region that basically is a small business  
19 region. The ability to reach out in these counties, to reach  
20 out in these cities, and we will be watching this because this  
21 is a critical so important thing to have this, and this is  
22 tremendous funding.

23 And the last item, as I have already alluded to, was  
24 our interest and support of the post-hurricane recovery. I'm  
25 not telling you we have some major team. What we do have is



1 the ability to try to visit with our local economic development  
2 providers to make sure they have the resources they need. If  
3 it is dealing with the SBA, bridge loans, the financial sector  
4 to be able to support and foster their recovery as quick as  
5 possible to be, once again, a viable entity in their local  
6 community, and it is all local. Again, to reinforce anything  
7 as I visit around the state of Florida, it is driven locally.  
8 And, finally, I will tell you it is a tremendous pleasure to be  
9 here. Florida is so blessed. They have got a tremendous  
10 economy, tremendous diversified population. It is absolutely a  
11 tremendous moment in time for this state, and we hope that  
12 Enterprise will continue to foster that. And, Madam  
13 Chairwoman, if I could be of any other -- answer any other  
14 questions. Many thanks for the invitation, it's a pleasure to  
15 be here.

16 CHAIRMAN EDGAR: Mr. Adams, thank you. And I know I  
17 speak for all of us when I say that we are so glad that you  
18 came to us from Texas. Welcome to Florida. And I know that we  
19 also here at the Commission and, of course, statewide  
20 appreciate your efforts and that of your organization as we all  
21 embrace a culture of preparedness.

22 Commissioner Arriaga.

23 COMMISSIONER ARRIAGA: Briefly, Madam Chair.

24 Mr. Adams, you are going to be hearing some  
25 presentations from industry, and staff has told me, Ms. DeMello

1 specifically, that the companies are very proud of the  
2 accomplishments they have made in the area of business  
3 development, especially small business development. We don't  
4 have the expertise here at the Commission to judge that. One  
5 of the reasons, one of the many reasons for your invitation was  
6 to help us to see if we can come up with an evaluation of what  
7 has been done in this area. Sort of like be able to present  
8 some kind of final document that will compile where we are  
9 right now and where we can go in the future. Do you think you  
10 can do that for us?

11 MR. ADAMS: Yes, sir, we can look into that.

12 Obviously, quantitatively we interact with all the  
13 utilities in the state. And I must tell you, first of all,  
14 from where I was before at the forefront of economic  
15 development, where I was, and that was a benchmark for me to  
16 look at, where we were there with the utilities, Florida  
17 utilities are clearly at the same stride or ahead of their  
18 outreach in dealing throughout. Not just the state, as you  
19 noticed we have a number there on our board, but also in their  
20 region where they would provide into their local communities.

21 So maybe, if it's possible, I would like to maybe get  
22 with you and understand exactly what you would like to have.  
23 We would be happy to work with you to look at that, but I can  
24 tell you traveling statewide at the cutting edge of these  
25 communities is the deliverable that has been done by the

1 utilities. And I see it when I go to civic organizations, when  
2 I deal with economic development agencies. And we could help  
3 document that to you by these different utilities'  
4 participation statewide and their areas of service that they  
5 are providing for what is the economic development entities  
6 and/or the businesses and their region.

7 COMMISSIONER ARRIAGA: Thank you.

8 CHAIRMAN EDGAR: Commissioner. Mr. Adams, thank you.  
9 And now we are going to hear from --

10 MS. DeMELLO: Madam Chairman, one quick question.

11 CHAIRMAN EDGAR: Ms. DeMello.

12 MS. DeMELLO: I just wanted to let you know that  
13 Mr. Adams has graciously asked to provide his presentation  
14 today and we will make that available to you and other members  
15 of the audience who are interested in having a hard copy.

16 CHAIRMAN EDGAR: Wonderful. Thank you.

17 And now we will hear from Mr. Windell Paige, Director  
18 of the Office of Supplier Diversity with DMS.

19 Mr. Paige, welcome.

20 MR. PAIGE: Thank you. Good afternoon, Madam Chair.  
21 We thank you for this opportunity to participate on this  
22 distinguished panel of presenters.

23 Commissioners, my name is Windell Paige, and I would  
24 like to say I have the privilege of serving the people of  
25 Florida as the Director of the Office of Supplier Diversity,

1 having been appointed to this position in January of 2000 by  
2 Governor Bush. It was a very important time in Florida's  
3 history, because the Governor was making a paradigm shift as  
4 related to how the state would do business with businesses that  
5 happened to be owned by ethnic minorities or women. And that  
6 was that we would do business on a level playing field without  
7 the crutches of set-asides, percent goals, and quotas, and yet  
8 do better than we have ever done in the history of the state.

9           And so I took on that challenge as an appointee by  
10 the Governor, and the name of the organization at that time was  
11 the Minority Business Assistance and Advocacy Office, which has  
12 since become known as the Office of Supplier Diversity. Our  
13 mission is basically to promote equity in contracting for  
14 vendors who are certified as minority or women business  
15 enterprises.

16           The criteria set forth for certification is set by  
17 the legislature. There are size standards and other criteria  
18 that entities must meet in order to be certified by the state.  
19 So, not to make it a long conversation, but you will find that  
20 when we talk about the dollars that are spent in the state of  
21 Florida, our most important category are certified minority and  
22 women business dollars, but there are also noncertified  
23 minority and women and business dollars, and there are also  
24 minority nonprofit dollars. But my conversation today is  
25 primarily certified minority women business enterprises.

1           Of course, our values are those of integrity, that is  
2 why we have a certification process; respect for the  
3 individuals, understanding that, you know, minority and women  
4 businesses have kind of given the mainstream a head start. If  
5 you look at operating in the mainstream, minority and women  
6 businesses, really the most effective point and time in their  
7 history has been over the last 40 years.

8           When you look at some of my compadres or some of our  
9 corporate partners and you think that a BellSouth, or an AT&T,  
10 or some of these other companies that have been around for 100  
11 years or more, the fact that minority businesses have been  
12 operating in the mainstream for the last 25 to 40 years, we  
13 still have a lot of catching up to do, and so these programs  
14 are very important to their growth and development.

15           Our vision, as far as the Office of Supplier  
16 Diversity, is actually to become a one-stop resource center for  
17 the state of Florida. My office has the responsibility for the  
18 executive branch of government, which are those agencies, of  
19 course, that report to the Governor, in addition to the  
20 legislative branch, and the judicial branch. So we have all of  
21 state entities reporting minority and woman business  
22 initiatives and efforts to my office.

23           We deal with all eleven of the state universities,  
24 community colleges, the Supreme Court, the Fish and Wildlife  
25 Commission, the Public Service Commission, whatever entity in

1 state government is out there as it relates to minorities and  
2 women business opportunities, we are the one-stop -- hopefully  
3 we will serve as the one-stop resource center throughout state  
4 government.

5           And some of the things we do and why we are good for  
6 the state of Florida is, of course, we want to make sure that  
7 when a department or an agency or an entity within state  
8 government says we are doing business with ethnic minorities  
9 and women, we want that to be a true statement. So there is a  
10 process that vendors go through in order to determine and to  
11 verify that they are in effect 51 percent or more owned,  
12 operated, and controlled by a woman or an ethnic minority, and  
13 that is what we do on behalf of the state of Florida.

14           Right now we have some 5,000-plus vendors who are in  
15 our database who have gone through this process and who are, in  
16 effect, certified. In our total database, when you look at  
17 MyFloridaMarketplace and other vehicles that are out there that  
18 allow vendors to register to do business with the state of  
19 Florida, minorities and women totally you are talking somewhere  
20 in the neighborhood of 27,000 who have actually registered and  
21 said that I am a woman or a minority-owned business. Of the  
22 27,000, 5,000 are actually certified as meeting all the  
23 criteria to be a part of our program.

24           And why we are good is because when a company like  
25 Verizon or even Enterprise Florida, or Progress Energy, or any

1 of the folks that you see here would come to the state and say  
2 we're looking to partner, to have strategic alliances with  
3 minority-owned businesses, usually the first stop is my office.  
4 And what we say to them is okay, here are the vendors we know  
5 are who they say they are. Unfortunately, you know, there are  
6 opportunities when folks will misrepresent themselves in order  
7 to take advantage of business opportunities, and we don't want  
8 that to happen when folks are trying to do the right thing. To  
9 be enlightened and responsible, we want to make sure that the  
10 vendors that they are using are who they say they are.

11           And we are matchmaker central. We are creating  
12 strategic alliances between women and minorities who want to do  
13 business with the state. And, unfortunately, the challenges  
14 are great because we cannot compete -- I say we, minorities and  
15 women many times cannot compete heads up with major  
16 corporations. So what is the next best thing to do? Why not  
17 be on the team, okay. So what we do is create these strategic  
18 alliances so that major corporate entities can have some of  
19 that spin, some of those dollars that are coming from, say,  
20 from the state coffers as a part of what we do.

21           We have many -- we will talk a little bit more about  
22 the Governor's Mentor Protege Program. Some of the folks that  
23 you see on this panel are active participants in a mentor  
24 protege on behalf of the state. We have a loan mobilization  
25 vehicle that helps vendors to be more -- have their chances

1 increased of being successful.

2           We have a pretty dynamic on-line directory, and we do  
3 special e-mails to certified vendors. You talked about  
4 hurricane relief and recovery, for instance. We have an 800  
5 hotline for minority and women businesses who want to  
6 participate and help the state in this recovery activity who  
7 can come through our office and make sure that they have an  
8 opportunity to know where to go, how to get in touch with FEMA,  
9 how to get in touch with the emergency management folks,  
10 et cetera, et cetera, so that they can provide their services  
11 to the state in times of crises.

12           Probably the main objective of the minority business  
13 enterprise certification program is to increase the numbers of  
14 minority businesses throughout the state that are certified by  
15 our office. As I said before, if you have more -- there are  
16 criteria that are set up in Statute 287, the state statutes,  
17 that define who we can or cannot certify. So when you come to  
18 my office, you are guaranteed to be doing business with a small  
19 business for sure, because the criteria set up in state statute  
20 says that a company cannot be greater than \$5 million in its  
21 net worth, it cannot have more than 200 employees, in order to  
22 be certified it must be domiciled in the state of Florida.

23           You will find that we will do business with a  
24 minority business, for instance, you may or may not know  
25 Software House International, for instance. SHI is a



1 woman-owned, Asian Pacific woman-owned business, but they are  
2 headquartered or incorporated in Connecticut or something like  
3 that. They have a longstanding relationship with Microsoft,  
4 et cetera, et cetera, but they are not a Florida business. Yet  
5 we spend \$40 million with SHI, the state proper. We can't  
6 certify them because they are not a Florida business. So we  
7 have to do business -- certified businesses who are domiciled  
8 in the state of Florida first, so when you come to us you are  
9 going to get Florida businesses who employ people here in the  
10 state, who pay taxes here in the state, who train people here  
11 in the state, and that is where we go first and foremost.

12           Minority businesses that become certified through our  
13 organization, through our program benefit in a number of ways,  
14 and I thought I would share with you a little bit about some of  
15 the ways that they benefit. When you use us as your primary  
16 vehicle, because we are a state organization, we are going to  
17 have our first tier referrals, those 5,000 vendors that I  
18 talked about who are certified and are in our database. That  
19 is where we go first to find what you need.

20           And let me be absolutely clear and put to rest any  
21 myths that you may have heard about minority and women  
22 businesses. There ain't nothing under the sun that we can't  
23 find from a minority or woman-owned business, and I think you  
24 will hear this said again by some of the folks on this panel.  
25 It used to be -- I know I don't look like it, but I have been

1 doing this for 24 years. It used to be, when I first started  
2 out, that most of my vendors were at one end of the spectrum,  
3 they were small print owners, print shops, or lawn maintenance  
4 companies, et cetera, et cetera. Now, we cover the full  
5 spectrum of what is needed to run a state. Everything we need  
6 to run the state of Florida we can get from minority vendors or  
7 women-owned businesses in some form or fashion. So, the first  
8 tier referrals are going to be those folks that are in my  
9 database.

10 Strategic alliances. Again, we talked about that.  
11 We have -- a good example. Commissioner Carter, you may  
12 remember, when I first was appointed to this job six years ago  
13 we were buying Dell, we are still buying Dell computers, but  
14 many of you will may have seen on the side of the Dell  
15 computers one reason why they give you a good price is because  
16 they sell Dell Direct. And that is a term you have heard, Dell  
17 Direct. Dell Direct. Well, when we put away the set-asides  
18 and the quotas and the preference based on race and sex, we  
19 went to Dell and said, Dell, we need you to be Dell indirect in  
20 Florida as you do business with us because we want partners who  
21 are minorities and women that we can buy Dell computers from.

22 You know, because we understand in corporate America  
23 that market share is important, that brand loyalty is  
24 important, and that return on investment is important. We are  
25 still going to help you with your market share, we are still

1 going to help you with your brand loyalty, and we are still  
2 going to help you with the return on investment, but we need to  
3 show the people, our customers, the people of Florida who are  
4 taxpayers that you can be indirect if it is for the right  
5 reasons. And so now many of the Dells that our state employees  
6 enjoy or use on the job are not direct, they are indirect  
7 because they have minority vendors who are strategic partners  
8 who we buy Dell computers from. That is just one example.

9 I love Verizon. I see Debra down there. I want to  
10 make sure that she knows it. She is one of my favorite people  
11 in the whole world.

12 One of the other things we did was also put in place  
13 the Governor's Mentor Protege Program, and I would put this  
14 program up against any other mentor protege program run by a  
15 state government anywhere in the country, because the governor  
16 is very serious. As you know, I mean, if you know anything  
17 about our chief executive you know that he believes in it. He  
18 himself is a mentor, and there have been hundreds of thousands  
19 of mentors in schools and other places around the state because  
20 of the Governor's example of mentorship and his belief in  
21 mentoring folk to grow and develop.

22 So he has not left supplier diversity off the radar  
23 in that regard. He has asked us to put in place a mentor  
24 protege program that allows vendors to be matched with major  
25 players and to grow their companies and to the greatest chance

1 of success because of their relationship. So we have a very  
2 sophisticated mentor protege program and the vendors that  
3 participate in that program have benefitted greatly over the  
4 last six years from the Governor's example in that.

5 We also had to go to the legislature and get a law  
6 passed that allowed for loan mobilization. Now, this is a  
7 unique vehicle in that it is not like an SBA loan or anything  
8 like that where folks can necessarily grow their business, but  
9 it is actually to help them in the getting started phase of  
10 their business. If a vendor who is certified by the state, a  
11 minority or woman-owned business, has gotten a purchase order  
12 or a contract and they need capital to get going on that  
13 contract, sometimes the state is not as expedient as we need to  
14 be in getting that first check out there.

15 So, until that first check comes along or they start  
16 getting those checks or those invoices paid, they can get an  
17 advance, a loan mobilization vehicle that allows them to get  
18 some money so if they need to gear up with some extra uniforms,  
19 they need to a piece of equipment, they need to do something  
20 that allows them to successfully deliver on a contract, they  
21 can come through my office and we work with the agencies and we  
22 will use that PO or that contract as collateral to get them  
23 moving on their opportunity. And as I said, we had to get a  
24 law passed in order to do that, but that's in place.

25 You can go on-line and utilize our on-line directory.

1 If you go to MyFloridaMarketplace.com, or you go to the OSD  
2 on-line directory, it is in bold red letters, on-line  
3 directory, and you can go there and you can find anything that  
4 you need as it relates to vendors and the types of vendors that  
5 we have certified in the state. If you don't find it there,  
6 then you can call our office directly and we can find it for  
7 you. You can search by the name of individuals, you can search  
8 by counties, you can search by the commodity codes, industry  
9 codes, there is a lot of ways of finding what you need with  
10 directories in the state of Florida.

11 And then one of the last ones here is our special  
12 e-mails. We send out e-mails all the time to vendors. We had  
13 that during the hurricane recovery catastrophe type efforts.  
14 Special e-mails to vendors saying we need these kinds of  
15 vendors, we need that kind of vendor in order to get them  
16 engaged. Special events. Last year we participated in over 60  
17 special events around the state of Florida with the chambers of  
18 commerce, with economic development organizations, with special  
19 entities that address minority and woman business enterprises.

20 I have brought with me, I have given them to Bev over  
21 there, these special save the day cards. The state of Florida  
22 does the largest minority business and women business trade  
23 fair in the state of Florida. It is typically held in the  
24 month of November in Orlando at the Orange County Convention  
25 Center for a central location. Last year, we had over 1,500

1 attendees at that trade fair conference for minorities and  
2 women businesses. There is a vehicle called one-on-ones where  
3 people actually go in before the event takes place, make  
4 appointments to meet with state agencies or private sector  
5 corporations so that when they show up to this event they  
6 already know where their appointments are, they already know  
7 who they are going to talk to, and then they can just go in and  
8 start to have those one-on-ones. We did over 1,200 one-on-one  
9 appointments 15 minutes apiece last year in one day at that  
10 conference.

11           Networking activities. Everything is there.  
12 Upcoming events. Special e-mails go out every day to minority  
13 vendors around the state alerting them to opportunities with  
14 the state. And last but not least, here is my get in touch  
15 with OSD information that tells you how to get in touch with my  
16 office. Go to our website, as well. Success stories are  
17 there.

18           One of the things we do and we would like to do at  
19 any time you would like is called vendor in the spotlight.  
20 That is something I brought to the Governor six years ago we  
21 have been doing. What happens is, for instance, the state has  
22 a CIO council, of all the CIO/IT guys for all of the state  
23 entities. They meet once a month. During that meeting, I'm am  
24 able to bring in three minority vendors and we do a vendor in  
25 the spotlight. And rather than have these three IT companies

1 running around trying to meet with CIOs all over the state,  
2 they come to this one location, they make a presentation, and  
3 all of the CIOs are able to see what they do and how they do,  
4 where they are coming from in that one 15-minute presentation.

5           So, we do all of these kinds of things. We will be  
6 happy to work with you, Commissioner, when you talk about your  
7 small business initiative. Tomorrow, some of the same focus  
8 you see here will be spending the day with me, Progress Energy,  
9 and others at the Governor's Club, downtown Tallahassee, where  
10 we are doing the 6th Annual Governor's Corporate Roundtable.

11           Everybody that has a big buck contract with the state  
12 is invited to come and spend the day with us and bring us their  
13 best ideas, because they do have formal diversity programs at  
14 FPL and other places. They have a full-fledged formal program  
15 that does nothing but address small and minority businesses, so  
16 you've got it here in the state, you've got a vehicle that  
17 works with the corporate entities to make sure that we are on  
18 the same page. And I thank you very much for your time.

19           CHAIRMAN EDGAR: Thank you, Mr. Paige. And I have to  
20 go ahead and give a little bit of a plug since I have the  
21 opportunity. In my previous position at that other agency, one  
22 of our efforts was to diversify our vendor base, and Mr. Paige  
23 and his office was a great help to me and also to our  
24 procurement staff. And I know that the matchmaker conferences  
25 always were very, very helpful and very well received and had

1 great results for our agency.

2 Commissioner Carter.

3 COMMISSIONER CARTER: Thank you, Madam Chair. It  
4 just gives me -- I'm just pleased as punch to see my son here.  
5 The Governor and I had to coerce Mr. Paige to come out of  
6 private industry to come into government. Back in 1998, the  
7 Governor asked a question, how much money do we spend in  
8 Florida? And somebody said, well, we spend \$46 billion. He  
9 said, no, no, I didn't ask you what the budget was, I'm asking  
10 how much money do we spend. And you know what they said?  
11 Well, nobody has ever asked us that before.

12 So we went looking through the bowels of state  
13 government and arrived at a number of about \$16.4 billion. And  
14 the Governor was talking, as you said earlier, about over 90  
15 percent of the businesses in Florida are small businesses, and  
16 a lot of them are minority businesses, and the Governor changed  
17 the paradigm. He said the state needs to do business in a  
18 business-like manner.

19 And there was a lot of hue and cry, but basically  
20 when you talk about what Mr. Paige's office does, it is not a  
21 minority office, it is an office that brings small and minority  
22 businesses in Florida that meet four criteria. It is still  
23 tattooed in my brain. They meet the specifications for which  
24 you require for the product or service, on time delivery,  
25 quality price, and it is a quality product or service. I can



1 sleep with that. And the thing about it is is that when we  
2 started showing people that we are not trying to force you to  
3 do business with people that you don't want to do business  
4 with, we are trying to show you that the greatest aspect of  
5 Florida is our diversity, and that there is a tremendous number  
6 of business in Florida that are doing great things and it was  
7 just a great opportunity to have people from corporate America  
8 come to state government, like Mr. Paige. I don't want to say  
9 what company he used to work for, but anyway some of his  
10 colleagues are here today.

11 But that 5,000 certified minority businesses, that is  
12 just a small drop in the bucket because the Governor says,  
13 well, okay, now I see what we have done with certified  
14 business, what about the non-certified. They go, like, what?  
15 He says what about the non-certified? So we tracked, like you  
16 said, 27,000 small businesses in Florida, 5,000 of them are  
17 certified and 22,000 non-certified. Then we start tracking  
18 what we do at for profit businesses and non-profit businesses,  
19 and nobody has ever asked that question before, and we saw that  
20 state government could be an economic juggernaut in certain  
21 communities.

22 And what we decided to do is to foster relationship  
23 with these matchmaker conferences and the mentoring  
24 opportunities one-on-one. John Cherry (phonetic), from your  
25 ex-agency over at DEP was one of our superstars. And we put

1 our collective energies together, and Florida is a leader in  
2 the country in terms of how we work together, and I'm so  
3 pleased. I am just bubbling over to see you guys here today  
4 and see the -- when Governor Bush mentioned this back in 1999  
5 everybody thought this is a crazy idea, but now people say how  
6 did we ever make it before. It is a great opportunity for us  
7 to come together as Floridians, and come together -- corporate  
8 America come together and government agencies to have our best  
9 and our brightest to bring up creative ideas.

10           And if you look at, even after the 9/11 when the  
11 economy in this country went down and took a nosedive, the  
12 economy in Florida was vibrant. We created more jobs than any  
13 other state in the nation. While other states were having  
14 financial and budgetary concerns, Florida's economy was  
15 booming. That is because we came together at a critical time  
16 and we took the best and the brightest of what Florida had to  
17 offer, and our creativity from a business standpoint, from a  
18 community standpoint, and we worked together.

19           And it is a testament to the great leadership of  
20 Jeb Bush and the fact that as Floridians we recognize our  
21 diversity is our greatest asset. So, to Mr. Paige, you have  
22 done a great job. We are still glad to have you there. To our  
23 corporate partners, our state agencies, it's a great  
24 opportunity to be here. I thank you all for being here today.  
25 This is something that we dreamed about six years ago.

1 Thank you.

2 CHAIRMAN EDGAR: Thank you. It is a wonderful day in  
3 the state of Florida. Mr. Paige, thank you. We are going to  
4 move on to the other presenters. I will ask, again, as I said  
5 when we first started off here this afternoon, that we know  
6 there are so many good news stories and we are all interested  
7 in all of them, but to keep us moving through the agenda, I'm  
8 going to ask each of you to try to stick to approximately 15  
9 minutes each. We are going to have a slight change in the list  
10 of our presenters, and I'm going to recognize to kick us off  
11 here with Mr. Christian from Verizon.

12 MR. CHRISTIAN: Thank you, Madam Chair. Thank you,  
13 Commissioners, and thank you, Mr. Adams and Mr. Paige. I think  
14 it is an excellent segue to what we are here to talk about  
15 today.

16 I am David Christian. I'm the Regulatory  
17 Vice-president. I get to see a lot of the things internally  
18 that go on in our company, and one of the things that I'm most  
19 proud of is our diversity and inclusion programs at Verizon  
20 whether it is on the employee side or with our vendors on the  
21 external side. And in the last couple of weeks preparing for  
22 this workshop, I have had the pleasure to get to know Deborah  
23 Mullins, who is our manager of supplier diversity, and she has  
24 really brought me up to speed and aware of what exactly we do  
25 at Verizon. I think our story is a fantastic one, and with

1 that I will turn it over to Deborah.

2 MS. MULLINS: Thank you, David.

3 And, Windell, you are also one of my most favorite  
4 people. You know, I am so glad that you picked this subject,  
5 because it just happens to be my favorite thing to talk about.

6 At Verizon, I would like you to know that we don't  
7 look at this as just a Florida issue. We look at this as a  
8 business strategy that is webbed throughout the organization,  
9 and we feel that this is the only way that it can work down to  
10 the individual communities. You cannot spotlight an individual  
11 place, you have to be everywhere you are doing business, and I  
12 really believe that is what makes us so successful.

13 Ivan Seidenberg, our CEO, is very involved in  
14 diversity, and I know that's kind of unusual to have somebody  
15 at that level to get involved, but trust me, he knows what we  
16 are doing and he is very involved. And we do take his calls,  
17 because he is interested in what's going on. We do feel that  
18 it is this position that we take in the community that makes us  
19 so successful. Because common sense tells you if you look at  
20 our census, just look at what we are doing in the state of  
21 Florida. The minority is going to be the majority. If you do  
22 not bring those companies along with you as you go, in 20 years  
23 you will not exist, because those people are going to be your  
24 business.

25 We break diversity down, not just supplier diversity,

1 but we also look at work force development. In our hiring  
2 structure, we don't stop at just diversifying the work force.  
3 Once we get the work force in place, we focus on developing  
4 that work force, making sure that the training is there so that  
5 they have the professional growth that they need to be the  
6 senior management of our company. And if you look at our  
7 senior managers I think you are going to see that we have got  
8 quite a diverse senior management team, and we are very, very  
9 proud of that.

10 The Verizon foundation is another area, philanthropic  
11 grants that we do that, you know, many companies apply for that  
12 has been very, very successful. We also have a matching. That  
13 if you give, an employee volunteers to do anything with a local  
14 community organization, their money is matched through the  
15 Verizon foundation, which I think that also helps develop  
16 within the communities.

17 And, of course, my favorite subject, supplier  
18 diversity. And this is my bestest story. Look at this. Last  
19 year, \$2.17 billion with women, minority, and service-disabled  
20 veteran companies. This doesn't include the small business  
21 number. This is just women, minority, and service-disabled  
22 veterans. This is a story we are proud of. And I think that  
23 if you will see from 2001, for just a five-year total, 9.14  
24 billion is a nice number to put into the diverse community, and  
25 we are really very, very proud of it.

1           One thing that I knew that you were going to be  
2 interested in is you want to know about Florida. And because I  
3 am located in Tampa, I sure don't mind telling you about  
4 Florida, because it is one of my favorite subjects.

5           If you will see in 2003, our total, minority, women,  
6 and disabled veteran business enterprise dollars were a little  
7 over 63 million. Last year we more than doubled at 131  
8 million. Now, I wanted to given you a little caveat because  
9 you did mention small business, but just with Florida small  
10 businesses we did a little over 107 million last year. So the  
11 dollars are there, and I think you can see in our progress that  
12 we are really moving along pretty quick in the state of Florida  
13 because of our diversity.

14           I do want to point out that on the slide there is an  
15 area that says MBE ethnicity not identified, and I want to  
16 explain that to you because there are certifying agencies, not  
17 the state, but there are certifying agencies that when you do  
18 get your certification for the company it doesn't say what the  
19 ethnic minority or gender is. So those are dollars that we  
20 have certificates for that we can prove that they are certified  
21 either through the state of Florida, NMSDC, but we don't have  
22 the ethnicity or the gender, but we do pull those out  
23 separately than the gender and ethnicity.

24           I wanted to give you an idea that is going to be a  
25 real quick one, but I did want to tell you what our definition

1 of MWDBE is. I think you are going to hear a lot of people  
2 talk today. You are going to hear MWDBE, you are going to hear  
3 small disadvantaged business, you are going to hear small  
4 diversified business, but at Verizon this is our definition of  
5 our supplier diversity program. And every dollar that you have  
6 seen, the folks are certified. We do not take  
7 self-certification. We have to have proof that they are what  
8 they say that they are.

9           And, one of the areas that is so easy for us to look  
10 into is the state of Florida database. Along with the National  
11 Minority Suppliers Development Council, or what we call WEBNC,  
12 the Women's Business Enterprise National Council, there is lot  
13 of databases out there that make it very easy for us to go and  
14 find companies that we need to do business with.

15           This is our claim to fame, and I think this is why  
16 the system works so well. We have a strategic sourcing  
17 organization that does all the contracts for Verizon. When  
18 they go out for a request for proposal, someone from the  
19 diversity team is sitting on that cross-functional team. And  
20 we, by the scope of work, send in a list of women, minority, or  
21 service-disabled veteran companies that would be able to bid on  
22 this contract. So I think that really has been a big help in  
23 working with the sourcing process leaders in the whole contract  
24 process.

25           We get very involved in some craziness all over the

1 country, but I did want to leave you a picture of a Florida  
2 conference which is the National Minorities Supplier  
3 Development Council right here in Orlando, which is FMSDC, and  
4 they theme out their conferences, and we get involved in their  
5 craziness and have fun. And what it boils down to is everybody  
6 gets very casual. And when they get casual, they start doing  
7 business with each other. And we do enjoy that trade fair  
8 quite a bit.

9 Another area that we also have gotten involved in is  
10 the Governor's roundtable. We have been involved in that in  
11 the past. The mentor protege program with the state works.  
12 Our protege is currently doing business with Verizon and doing  
13 very well and growing every day, so the process does work. We  
14 are also members of the Telecommunications Industry Group,  
15 which is part of the National Minorities Supplier Development  
16 Council, where all of the telecom organizations that you are  
17 going to hear from today also sit on that team.

18 And we sit together. Although we are, you know,  
19 competitors in the real world, when it comes to supplier  
20 diversity, we sit at the table together and go through  
21 diversity issues together. And I think that is really saying  
22 something for the telecom industry to have a group such as  
23 this.

24 We do go out and do trade fairs and educate how to do  
25 business with Verizon. You know, doing one-on-ones, just as



1 Windell mentioned. We do a lot of the one-on-one interviews,  
2 and I think this has really helped finding good folk for us.

3 Now, another thing that has been very, very  
4 successful is our second-tier initiative. We have gotten  
5 involved in the cross-functional teams, and now we are there  
6 and we are adding names to the list of people we want to give  
7 contracts to, and sometimes when you are talking about huge  
8 major things, you can't give that contract to a minority  
9 supplier. You are talking about huge network equipment or some  
10 huge initiative.

11 So what we do is in every RFP that goes out, no  
12 matter what it is, there is language in that RFP that they have  
13 to respond to that asks them will they agree to our percentage,  
14 if it is for the fiber to the premises, the new initiative that  
15 we are doing, that is 21.5 percent inclusion of the contract  
16 with women, minority, and service-disabled veterans. Non-FTTB,  
17 normally, we do about 18, we ask for 18 percent. We asked them  
18 which minorities are they going to be using on this contract;  
19 what are they going to be doing; you need to give us a  
20 quarterly report; and who is going to be in charge of diversity  
21 during this time. And this serves as a utilization plan. So  
22 this is part of the final contract that they have to agree and  
23 legally sign that they will do the percentages with diversified  
24 companies. And we have been very successful with this. We  
25 have seen large corporations grow wonderful programs just

1 starting in this arena.

2           We also turn around and recognize those companies  
3 that are doing wonderful. If you are doing great in a minority  
4 business program and you are one of our prime suppliers, we  
5 recognize those manufacturers and those primes that do  
6 wonderful jobs through our supplier excellence awards program.  
7 And I was very happy last year that three minority, women, and  
8 service-disabled veterans companies also earned supplier  
9 excellence awards. So we are already bringing them into the  
10 arena. It is no longer just the primes. They are already  
11 going in there and competing on their own.

12           Our external website is another area that people when  
13 they are trying to find us, they don't know what to do, we have  
14 given out and publicized so much on our website that once they  
15 get to the website they can register on-line to do business  
16 with Verizon. It gives us basic information on, you know, how  
17 to do business, what we are looking for, who the folks are in  
18 diversity, and if they are not certified, where do you go to  
19 get the information to be certified. So we hook them with  
20 certifying agencies to help educate them on certification. We  
21 also tell them about upcoming events that are going on and what  
22 they need to do, what our standards are to be a supplier for  
23 Verizon.

24           I think some real things that I'm very proud of, just  
25 a few weeks ago we were honored at the White House for being

1 one of the top American corporations for women's business  
2 enterprises, and it was quite a prestigious event that we were  
3 very proud of. Another thing is we are a charter member of the  
4 billion dollar roundtable. Now I think they are going to have  
5 to make it a two billion dollar roundtable, but, believe it or  
6 not, and I guess this is kind of a sad thing to say, but there  
7 are only 15 companies in the billion dollar roundtable. Only  
8 15 corporations in the country in this organization, which  
9 basically means that you need to do more than a billion dollars  
10 with minority companies in an annual. So, you know, I am  
11 hoping that number grows. We did get to add three new  
12 companies in 2005, so I am hoping that that will continue to  
13 grow. I want to see that happen.

14 As you can see, U.S. Pan-Asian Chamber gave us  
15 corporation of the year last year. Fortune Magazine named us  
16 as one of the 50 best companies for minorities. You know, it  
17 goes on and on, many recognition that we have, and these are  
18 all just the recent ones. You know, I didn't want to give you  
19 45 pages, but I wanted to capture the ones that were the most  
20 recent that we're really the most proud of.

21 And I thank you so much, and I'm going turn it back  
22 over to David.

23 MR. CHRISTIAN: Thank you. You can tell she has  
24 probably got a great job. Her enthusiasm is pervasive, and it  
25 has really got me excited about this topic. One thing that we

1 have been talking about for awhile in Florida is our fiber to  
2 the premise deployment. And this story is probably right up  
3 there with any economic development story that we can talk  
4 about in the state of Florida. We are literally investing  
5 billions of dollars in the nation, but primarily in Florida we  
6 are investing at least half a billion dollars in Florida so far  
7 with more to come. We have created 300 new full-time jobs in  
8 Verizon. Those are jobs that are high paying, high skilled  
9 jobs. We are going to be creating another 400 this year. If  
10 anyone knows anyone who is smart, hard working, please have  
11 them come in through the Verizon.com website and fill out the  
12 application, because we are looking for very talented people.  
13 We have passed about 300,000 homes --

14 COMMISSIONER ARRIAGA: Excuse me a minute.

15 MR. CHRISTIAN: Yes, sir.

16 COMMISSIONER ARRIAGA: I have a prohibition. I won't  
17 be able to do that.

18 MS. MULLINS: Not even part-time?

19 COMMISSIONER ARRIAGA: I'm sorry.

20 MR. CHRISTIAN: It's an amazing project. But even  
21 though with the quantifiable numbers that we can talk about  
22 today, the supplier involvement is another aspect of it. We  
23 rely on suppliers to do the hard work out there. They are  
24 skilled companies that are doing the trenching, that are  
25 deploying the fiber, and that is growing on an annual basis.

1 It's a great story.

2           The other thing that is not tangible is the economic  
3 stimulation that fiber deployment is going to have in the Tampa  
4 Bay area. We are already seeing this to some degree, but the  
5 things that are great about this is there are things that we  
6 haven't even dreamed of yet that can happen over this network  
7 that can be done by small businesses. Creation of websites and  
8 applications that we haven't thought of. This is a future  
9 proof network. We are very excited about this. And it is the  
10 future of telecommunications, and we are doing it today in  
11 Florida. And with that I will entertain any questions. Thank  
12 you.

13           CHAIRMAN EDGAR: I note, Mr. Christian, that both the  
14 enthusiasm and the pride of both of you is evident, so thank  
15 you.

16           Commissioner Arriaga.

17           COMMISSIONER ARRIAGA: The Chairlady just made the  
18 comment, and now I can see why you are so proud of your  
19 company. It's really wonderful. But let me clarify quickly.  
20 The certification process, does that include the Office of  
21 Supplier Diversity as a certifier?

22           MS. MULLINS: Yes, it does.

23           COMMISSIONER ARRIAGA: Because I didn't see them  
24 listed in the --

25           MS. MULLINS: State. We do state certification. In

1 other words, you know, not just the state of Florida, but we  
2 also work with New York, you know, Washington, whoever has a  
3 state certifying. And we also work with California PUC through  
4 their certification process, as well.

5 COMMISSIONER ARRIAGA: And I was looking at the  
6 figures and they are impressive. A \$107 million in small  
7 business.

8 MS. MULLINS: Thank you, thank you. We are very  
9 proud.

10 COMMISSIONER ARRIAGA: You add to that \$102 million  
11 for the minorities, so 107 plus 102?

12 MS. MULLINS: It's plus. That small business number  
13 does not include the minority number.

14 COMMISSIONER ARRIAGA: So I can say it is 200 and so  
15 million?

16 MS. MULLINS: Yes, sir, it is.

17 COMMISSIONER ARRIAGA: Out of how much, the total  
18 procurement in Florida?

19 MS. MULLINS: I didn't bring it with me, I'm sorry.

20 COMMISSIONER ARRIAGA: No, that's fine. But if you  
21 could you provide, because that would allow us to measure the  
22 percentage of your business that goes to small businesses and  
23 minority and women.

24 MS. MULLINS: Well, we have a company, for instance,  
25 that was an outside plant company, that in the year 2000 we

1 were doing no business with whatsoever. A minority company.  
2 And it is amazing that through the process, like through the  
3 state, we ended up, you know, maybe in 2003, I think we were  
4 doing maybe 600,000 with them. Now we are doing over 20  
5 million in the state, and now we have pulled them national to  
6 65 million.

7 COMMISSIONER ARRIAGA: And, I don't mean to put you  
8 on the spot, because as I just said, your figures speak for  
9 themselves. The leadership award that I was talking about at  
10 the beginning, it goes not only to the Commission, it goes to a  
11 company, to the forefront companies. So I'm hoping that one of  
12 you along with the Public Service Commission can be showcased  
13 in NARUC in November. It's going to held in Miami, the annual  
14 meeting, and they usually hand out this leadership award to a  
15 company and a Commission.

16 MS. MULLINS: Okay.

17 COMMISSIONER ARRIAGA: And I'm really hoping that we  
18 can qualify.

19 MS. MULLINS: Okay. I will work with David through  
20 that.

21 MR. CHRISTIAN: We will be happy to have a further  
22 dialogue with you on that.

23 COMMISSIONER ARRIAGA: Thank you.

24 CHAIRMAN EDGAR: Thank you. And we are going to go  
25 back to the order that was on the agenda. Thank you both.

1 MR. CHRISTIAN: Thank you, Commissioner. And if it's  
2 possible, our witness or our participant has a flight about  
3 4:30, and we would ask that she be excused to make her flight  
4 on time.

5 CHAIRMAN EDGAR: Thank you both, and you may want to  
6 rush to the airport.

7 MS. MULLINS: Thank you.

8 CHAIRMAN EDGAR: And now I am going to recognize  
9 Susan Clark.

10 MS. CLARK: Thank you, Madam Chairman. With your  
11 permission, I want to make a few comments as a preface to the  
12 presentations that will be made by Florida Power and Light,  
13 Progress Energy, Tampa Electric Company, and Gulf Power  
14 Company. As you listen to each company's presentation, what  
15 will become apparent to you is that while methods and  
16 techniques may differ, each is doing an excellent job of  
17 increasing their use of goods and services from small  
18 businesses and increasing opportunities for small businesses,  
19 including diverse business enterprises.

20 By diverse business enterprises, I mean minority and  
21 women-owned businesses, and also veterans, those owned by  
22 veterans and service-disabled people. Within each company  
23 there is a commitment to small business development toward the  
24 end of increasing the pool of high quality suppliers with whom  
25 they do business. These companies have staff dedicated to



1 support the development of small businesses and the procurement  
2 of goods and service from these businesses.

3           They provide training to their staff regarding  
4 purchasing from small businesses and they are engaged in  
5 outreach programs through associations, trade shows, and  
6 community programs. And, in fact, you heard Mr. Adams say that  
7 they are very engaged in Enterprise Florida. They are making  
8 use of the Internet and company websites to educate small  
9 businesses on their purchasing policies, and they are also  
10 using the Internet and websites to make it easier to do  
11 business with them.

12           You also heard Mr. Paige say he works with the people  
13 making the presentations today to promote Florida's small  
14 businesses. In short, these companies have been and will  
15 continue to be committed to small business development which  
16 results in economic benefits to their communities and their  
17 customers.

18           What I would like to do is introduce each of the  
19 presenters for the investor-owned power utilities. Some of  
20 them have their names on their presentations, but I would also  
21 like to give you will their titles. You will hear from Mr.  
22 Paul Seiler, who is the manager of contract labor for Florida  
23 Power and Light; Mr. Hudson Oliveira, who is the lead  
24 coordinator of supplier diversity and business development; you  
25 will hear from Mr. Fred Bell, who is with Tampa Electric

1 Company, and he is the manager of supply diversity; and  
2 Lorraine Baughman, who is the manager of procurement and  
3 materials for Gulf Power Company. And with that I would like  
4 to ask Mr. Seiler to go ahead with his presentation.

5 MR. SEILER: Okay. Madam Chair, Commissioners, I  
6 appreciate the opportunity to be here on behalf Florida Power  
7 and Light. I would like to preface my presentation by saying I  
8 am not the manager of the diversity program. She resigned a  
9 few months ago to spend more time with her family, and we are  
10 happy for her, but we are in the process of transitioning her  
11 replacement over, so I will do my best to show the story of  
12 FPL.

13 We'll start out with the supplier diversity program  
14 requirements. I think you will hear this several times, and we  
15 work under the guidelines of the Federal GSA, the General  
16 Services Agreement, as well as Veterans Administration and  
17 local and state organizations. The 2006 supplier diversity  
18 spend goals, the integrated supply chain which is Florida Power  
19 and Light's procurement and inventory group, has a goal of 10  
20 percent of our nonfuel spend for capital O&M. And, again, that  
21 excludes fuel, and it does include the SBA certified and  
22 supplier certified through local and other councils, as well as  
23 other diversity classified suppliers that we have discussed  
24 earlier today.

25 The subcontracting goals that are new as a result of

1 changes in GSA for us in July, for the small businesses that  
2 are reclassified we have a two percent goal for those firms,  
3 and a one percent goal for the small disadvantaged businesses.  
4 The ISC's responsibilities in meeting those goals, and  
5 basically fostering that culture is to maintain a supplier  
6 diversity database and also to document in our purchase order  
7 files and request for proposals that we have adequately  
8 searched for minority suppliers, diverse suppliers, and that we  
9 document those in our procurement documents. It's part of our  
10 process and is audited by our internal folks, as well.

11           We establish, we communicate, and we track our spend  
12 goals. We also attend and participate in seminars, trade  
13 shows, exhibits, conferences, and outreach events which promote  
14 diversity in small business concerns. And, of course, we  
15 prepare and submit our GSA and our annual subcontracting plan.

16           The key roles for ISC procurement managers is to  
17 ensure that the agents are aware of and they impressed with the  
18 need to develop sources for materials and services made up of  
19 diversity and small business suppliers to the greatest extent  
20 possible, and to recognize key accomplishments of our  
21 procurement agents as well as our suppliers. And, again, to  
22 establish and track goals to ensure the utilization of diverse  
23 and small business suppliers.

24           One of the things that we are focussing on this year  
25 is a common complaint we have heard from the supply base is FPL

1 is a big company and it is sometimes hard to find the right  
2 person that we should be dealing with. And, quite frankly, the  
3 procurement organizations are sometimes dynamic enough to where  
4 it is hard for us to keep track of who is buying one particular  
5 commodity. So what we have done is we have made one of our  
6 goals of our new VP procurement has come in and said we need to  
7 make it easier to do business with FPL, so we have added a link  
8 to our website that allows potential suppliers to view our  
9 procurement policies and to see our standard terms and  
10 conditions and register themselves to be considered for  
11 business with FPL.

12           Current suppliers can actually go on-line and view  
13 purchase orders, check on invoice status, respond to  
14 discrepancy reports, and view any additional  
15 procurement-related information we have. Also to get quick  
16 access to procurement agents, we have a list of agents and  
17 their respective commodities. That is something we are  
18 updating now so suppliers don't have to call around. They can  
19 go to onto one site and find everything they need fairly  
20 quickly. And we have had some core groups, some focus groups  
21 with some key suppliers, both diverse and some of the other  
22 companies, just to find out what other companies are doing.

23           In fact, I'm taking notes copiously today to go look  
24 at Verizon's and see what the best in class are doing to make  
25 it easier. And we are not ashamed of borrowing creatively from

1 other folks who have done a good job doing this, because we  
2 really do want it to be easy for suppliers to get to us and we  
3 are making some pretty good progress there.

4 Our participation goals are 100 percent of  
5 procurement managers are going to participate in at least one  
6 diversity business-related event during the 2006 calendar year,  
7 and we will definitely get the matchmaker session in Orlando.  
8 Fifty percent at least of our procurement staff will  
9 participate in each company-sponsored event. And one of the  
10 events we hold is Supplier in the Spotlight where we have a  
11 significant luncheon, typically in Juno Beach in our  
12 headquarters, and we will bring suppliers and will award  
13 various recognition awards to various companies.

14 And we also bring a large audience, and we encourage  
15 procurement agents and all procurement staff, managers,  
16 directors, to come out there and make themselves accessible to  
17 these suppliers and share ideas and, you know, just give them a  
18 forum to meet with us and give us ideas and to build  
19 relationships there. So that has been a successful program for  
20 us over the last several years. And then one or more  
21 individuals from each procurement group will participate in  
22 external events, and that is such as trade shows and things  
23 like that.

24 Some areas that we have been very successful with:  
25 Small and diverse companies, underground line construction,

1 which as everybody knows is a big issue now, port-o-let  
2 rentals, HVAC services, janitorial services, civil and  
3 transportation services, temp labor, fastener supplies and  
4 computer services, and also environmental services.

5           And as Mr. Paige said earlier, years ago I would go  
6 to a trade show and it would be folks offering promotional  
7 supplies and janitorial, and that is not the way it is anymore.  
8 So we are encouraged by seeing companies that do offer -- you  
9 know, this is not a list you would have seen ten years ago. So  
10 we are encouraged, and we also understand that this is an area  
11 that we need to be participating in.

12           Here are some of the diversity community outreach  
13 programs that we are involved with. We can probably zip  
14 through these to catch up on time. State of Florida, Office of  
15 Supplier Diversity. I'm glad we are up there. (Laughter.)  
16 And, of course, EEI, some of the larger areas.

17           Recent diversity program awards. Corporate  
18 sponsorship award from the FRMBC in December and outstanding  
19 support award from the FRMBC in March 2006.

20           And in summary, I would like to say that we  
21 appreciate the mutual benefit of contracting with small  
22 business concerns as well as diversity suppliers, and we are  
23 committed to growing our relationships with this key market  
24 segment. And the last note I added is I plan on taking a  
25 significant amount of information from this session and taking

1 it back to our senior management folks and sharing them. So  
2 far there is a lot of good things to take back, and I suspect I  
3 will hear a lot more. Thank you.

4 CHAIRMAN EDGAR: Commissioner Arriaga.

5 COMMISSIONER ARRIAGA: Here is an idea for you to  
6 take back. In your Slide Number 3 and then Number 4 you're  
7 talking about the ISC goal of 10 percent. Ten percent of what?  
8 And the reason I ask is because we just heard from Enterprise  
9 Florida that 90 percent of businesses in Florida are small  
10 businesses. So if you are only doing 10 percent of your  
11 procurement through small businesses, you may not even be close  
12 to the goal. And, again, I'm not trying to put you on the  
13 spot, I'm just trying to find out information. This is a  
14 voluntary information --

15 MR. SEILER: No, I absolutely appreciate that. The  
16 GSA has general guidelines for how we classify these two  
17 different groups. As a utility, we will spend a fair amount of  
18 money on capital equipment, General Electric turbines, we have  
19 a tremendous amount of equipment that we just can't get  
20 anywhere else. But that is why the number is lower. We don't  
21 have the ability to go out to -- we don't have a lot of  
22 commodities. Fuel is taken out of this, and that is a large  
23 amount, but some of the equipment, you know, we buy from  
24 utilities. Our spend for other utilities is in here, as well.  
25 Our power plants are very capital intensive.

1           COMMISSIONER ARRIAGA: Let me give you a quick  
2 example. FPL is coming to the Commission and we are in the  
3 process of evaluating storm recovery costs and things like  
4 that. A lot of money was spent in clean up and all kinds of  
5 issues. That you don't have to get from outside the state.  
6 You are contract right there and then with small businesses.  
7 Trucks and small corporations. Am I getting the point across?

8           MR. SEILER: Yes, sir. Unfortunately with the storms  
9 because we do bring large volumes of contractors in, most of  
10 the contractors, like Pike and Asplundh, and those folks that  
11 have the armies of people to come in for quick restoration are  
12 not -- they are large publicly-held companies, and they don't  
13 meet the classification. So those actually hurt our numbers a  
14 little bit.

15           We do have contracts in place before the storms hit.  
16 In fact, the last couple of years, unfortunately, we have  
17 become very good at this. We will contracts in place for  
18 catering, and trucking, and those types of things where we do  
19 have minority contractors identified, and we do execute with  
20 them first.

21           COMMISSIONER ARRIAGA: Okay. Thank you.

22           MR. OLIVEIRA: I'm Hudson Oliveira, and I am glad to  
23 be here today to share with you the supplier diversity program  
24 at Progress Energy. I am the lead coordinator for that program  
25 in Florida, and I would like to give you an overall perspective



1 of the process and the program. And it really stems from our  
2 supplier diversity strategy that comes from the supplier  
3 diversity policy. So I will go into describing the policy so  
4 we can understand how the policy is stated and also the three  
5 core strategies on how we are going to execute and have good  
6 results.

7           So, we can move to the next slide now. The holding  
8 company supplier diversity policy applies to Progress Energy  
9 and all of its wholly-owned subsidiaries, so I am representing  
10 the Florida subsidiary of Progress Energy, and I am a Florida  
11 employee based in St. Petersburg. Progress Energy recognizes  
12 the importance of supplier diversity in all aspects of our  
13 business and procurement practices. And through our supplier  
14 diversity and business development program we are committed to  
15 the development, utilization, and growth of minority-owned,  
16 women-owned and small businesses.

17           I would like to describe to you the types of  
18 businesses that are welcomed to register with us and also seek  
19 to do business with Progress Energy, and we encourage the  
20 utilization of all of these companies, companies that are 51  
21 percent or more owned and operated by minorities,  
22 African-American, Native-American, Asian-American, and  
23 Hispanic-Americans, women-owned businesses, service-disabled  
24 owned companies, and veteran-owned companies.

25           We also welcome all the small businesses that meet

1 the small business classification. And how do we do that? We  
2 primarily rely on the small business administration database,  
3 which is called Pronet, or also known as the CCR database,  
4 because that company has gone through some certification  
5 process with SBA, so we take that certification and we will  
6 accept anybody who has a government, state, or federal  
7 certification. We first use the SBA database to make sure that  
8 they are a small business.

9 We can also use the NAICA code that that company  
10 uses. NAICS code is just an industry classification code, and  
11 it is typically establishing a small business threshold of up  
12 to 500 employees, or a threshold of up to so many millions of  
13 dollars in revenue, and that is constituted as small business.  
14 So we can use a pure NAICS code registration and accept that  
15 company into our program. We also welcome the 8(a) certified  
16 companies. That is also a designation offered by the SBA, and  
17 HubZone located businesses. Historically, underutilized busy  
18 zone located companies, that is what that means.

19 The policy has been in effect at Progress Energy  
20 since the origin of Progress Energy in Florida. The policy is  
21 basically there to do three main things, the three-core  
22 strategies that I would like to describe. The first one is to  
23 create a quality process for all parties. The second one is to  
24 develop new ways to increase small and diverse business  
25 utilization. The third one is to establish cost-effective

1 supplier relationships. And I'm going to go into each one of  
2 these in a little bit more detail.

3           The first one, which is the core strategy to create a  
4 quality process for all parties to monitor, to achieve, and  
5 report activities. How do we do it? We have a business plan,  
6 we have a supplier diversity operating plan, and these are the  
7 main points under that plan. We have a full-time person in  
8 Florida, in this case it's me, and we also establish a process  
9 to identify, attract, and engage with small businesses. And  
10 I'm going to go into how we identify, attract, and engage the  
11 businesses in a little bit. I'm going to go into more details.

12           We set and report supplier diversity goals and  
13 actuals goals. On a monthly basis I report to the  
14 vice-president as to what their goals are and how they are  
15 obtaining their goals, and I also provide supplier diversity  
16 training to all of our supply chain management personnel or  
17 anybody else who works with a contractor or a supplier.

18           You know, part of my job is to increase awareness  
19 within our company, so I do participate in some staff meetings  
20 of various departments so that I can present supplier diversity  
21 to the people. A lot of people don't, you know, they are  
22 confused sometimes. They may think it is a different program  
23 or a quota program and it is very important to allow people to  
24 understand what supplier diversity is about. We provide -- we  
25 definitely have a recognition process in a way similar to what

1 FPL described. We held our supplier diversity awards luncheon  
2 in February this year, and we recognized very key important  
3 diverse companies that have helped our business. And we  
4 recognized buyers, we recognized a few departments, and also  
5 some individuals within our company that have been supplier  
6 diversity champions, so that was really exciting. The CEO of  
7 our company was the host of the luncheon, and we had basically  
8 all top vice presidents present. So it is just an example of  
9 how supplier diversity can effect an entire company and allow  
10 us to not only increase competition, reduce cost, and also  
11 develop business in Florida.

12           What this slide describes to you is the second core  
13 strategy for supplier diversity, which is to develop new ways  
14 to increase small and diverse business utilization. We do that  
15 by doing three main things, which is identify, attract, and  
16 engage. How do I identify these businesses? First of all, we  
17 do have a website that companies can go to and register their  
18 business with us, and that is the first bullet there, the  
19 online registration and prospective supplier database. And  
20 that is my first place and the buyers also use that database to  
21 go to. That it is our primary source, but it is limited. We  
22 only have about -- I say only, but it's about 1,600 companies.

23           And so if we don't find a company on our own  
24 database, we go to the next database, which is the United  
25 States Central Contractor Registration, the CCR. It used to be

1 called Pronet, which is hosted by the SBA system. And if we  
2 don't find anybody there, we go to Windell's on-line database.  
3 I say Windell's, but it is the state of Florida, and we use  
4 that database. And the nice thing about that database and also  
5 the federal database is that it explains that a company is  
6 already certified by a government agency. So we can take that  
7 certification and move forward with it and just ask the company  
8 to go ahead and register. If it is somebody that we have never  
9 met or know of before, we just ask them to register with us and  
10 we already know that they have been certified.

11 We do have a nonprofit partner that is really  
12 critical to our supplier diversity program, which is the  
13 Florida Minority Supplier Development Council. This is the  
14 MSDC Florida affiliate in the central and north area of  
15 Florida.

16 How do we attract businesses? We do have matchmaking  
17 meetings. We also have one-on-one meetings. If it makes  
18 business sense, I can bring a business in and meet with some of  
19 our managers or some of our buyers and so on. We host internal  
20 trade shows. And how do we engage small and diverse  
21 businesses? We do have been an annual plan as to how we are  
22 going to reach out to the business communities. We are a  
23 sponsor of the University of South Florida's small business  
24 trade fair. We also sponsor and are also a member of the  
25 FMSDC, and we are also represented on the board of the FMSDC.

1 And I chair the professional development committee within  
2 FMSDC. We are a member and a sponsor of the Orlando Hispanic  
3 Chamber of Commerce. MEDWeek, which is an event towards the  
4 end of the year that is sponsored by the federal government,  
5 it's Minority Enterprise Development Week. We are a sponsor of  
6 that event. We also participate with WBENC, NAWBO, which is  
7 the national association of women business owners. HBIF, which  
8 is a central Florida Hispanic business initiative fund, we  
9 sponsored their event last year, and we are sponsoring it again  
10 this year. And we are also a participant with UIDA, the United  
11 Indian Development Agency, which is a Native American  
12 development organization.

13 I would like to talk a little bit about how do we  
14 ensure that Progress Energy -- how do we realize benefits in  
15 the supplier diversity process by ensuring that Progress Energy  
16 realizes additional pricing -- sorry, procurement increase in  
17 competition, how do we do that? By having a good database and  
18 sources of additional databases that we can bring qualified  
19 companies to bid with us.

20 Although we don't have set-aside funds, which is my  
21 first bullet there, we do have a good stream of companies that  
22 we can use and we can refer to the buyers and to the contract  
23 managers. We do encourage competition. I think that is one of  
24 the main things about my job is to encourage competition in our  
25 company. I can never go wrong by encouraging more and more

1 competition and allowing small businesses to compete. I cannot  
2 guarantee the outcome of that competition, but I know that that  
3 is what those companies are looking for. They just want an  
4 opportunity to compete, to understand what the scope of work  
5 is, and that is what I'm here to help them understand is to  
6 allow them to bid. Some companies wait a year to bid on  
7 something, so it is really important to them to understand how  
8 the procurement process works. So I also provide them bid  
9 process assistance. Some of our contractors need to be safety  
10 rated, so I help them with that, too. And in some cases if  
11 companies do have a cash flow issue, we can work on payment  
12 terms, which is another important thing for small businesses,  
13 they don't have a lot of cash on hand.

14           We also use a second tier program, which means if we  
15 do have a very large contractor that is a large company, we  
16 will expect them to report to us their second tier dollars.  
17 You know, the dollars that they spend with minority and  
18 women-owned businesses. And I'm also charged with assisting  
19 small businesses in pre-qualifying themselves to do business  
20 with us.

21           A couple of things about Progress Energy. We have  
22 been recognized by the FMSDC as corporation of the year in  
23 2003, and also twice in a row we have been recognized as a top  
24 50 U.S. multicultural corporation.

25           I would like to highlight very quickly about our

1 economic development. There are several synergies about what  
2 our economic development executives do and what the supplier  
3 diversity process does. And one of them is that we are all  
4 interested in investing in the small business community. And  
5 part of what they do and what our community relations managers  
6 do is invest in a couple of the business assistance centers.

7           The third bullet, which refers to regional and state  
8 economic development organizations, those are the chamber of  
9 commerces that we invest in and we are members of. And the  
10 last bullet is that there is a common goal here, which is to  
11 attract businesses to our territory to help diversify local and  
12 rural economies, to increase wages, and reduce unemployment  
13 rates.

14           And the last slide, it really tells that we do have a  
15 passion, and our passion is that we are dependent on the small  
16 business economy. The whole country is, and Florida is, too.  
17 So, I would like to leave everybody with that impression and  
18 thank you for the opportunity.

19           CHAIRMAN EDGAR: Thank you, Mr. Oliveira.

20           Commissioner Arriaga.

21           COMMISSIONER ARRIAGA: I'm sorry to be monopolizing  
22 all of the time. I have the same comment I made to FPL before.  
23 It would really help us in order to make a case out of all of  
24 this information that we are receiving, and I congratulate you  
25 for all the efforts that you are doing and the programs that



1 you have in place, if we could quantify those efforts, like  
2 Verizon did, for example. Verizon came up with wonderful  
3 information that is going to help us to show that all of these  
4 efforts that you are making, which are wonderful, can be  
5 quantified in a specific way, millions of dollars, new  
6 businesses, new employment, the effect that your policies are  
7 causing on our economy. It will help us if you can provide  
8 that information.

9 MR. OLIVEIRA: Sure.

10 COMMISSIONER ARRIAGA: Thank you.

11 MR. OLIVEIRA: Thank you.

12 CHAIRMAN EDGAR: Thank you. Mr. Bell.

13 MR. BELL: Good afternoon, Madam Chair and  
14 Commissioners.

15 Thank you for inviting me to talk about Tampa  
16 Electric's contributions to economic development in Florida.  
17 From community involvement to leadership in organizations that  
18 serve small businesses, we are proud of our track record. My  
19 name is Frederick Bell and I'm the Manager of Supplier  
20 Diversity.

21 Small business, the fastest growing sector of our  
22 economy, offer important contributions. They hire employees  
23 who live in our service territory, which include 2,000 square  
24 miles in West Central Florida.

25 I little technical difficulty there. We seem to be

1 missing something on this slide. I don't know if we -- yes, we  
2 lost some percentages there. That's the third slide. Okay.

3 Tampa Electric's purchasing dollars support the  
4 growing businesses that use your products and services and  
5 strengthen our local economy. In fact, Tampa Electric's  
6 investment in contracts with small businesses has grown by 29  
7 percent since 2000, and that is the portion you're missing  
8 there. Some examples of products and services that we  
9 typically purchase include air compressors, chemicals and  
10 solvents, community training, landscaping, and other  
11 maintenance type businesses.

12 Throughout 2005, we attended events ranging from the  
13 NAACP economic development committee meeting, to the annual  
14 Small Business Trade Conference at the University of South  
15 Florida. Members of our staff hold leadership positions in  
16 organizations that promote economic development. Two years  
17 ago, TECO Energy President and Chief Operating Officer, John  
18 Ramil, served as president of the Greater Tampa Chamber of  
19 Commerce.

20 Our team members hold board positions in chambers of  
21 commerce in the communities throughout our service territory.  
22 Those communities include Mulberry, Plant City, East  
23 Hillsborough County, West Tampa, and Seffner. We hold board  
24 positions with service organizations such as the Rotary and  
25 Kiwanis Club that promote networking, and we sit on boards of

1 the University of Tampa and the University of South Florida,  
2 major employers as well as economic drivers in our community.  
3 And through the TECO Energy Foundation, our company has awarded  
4 literally hundreds of grants to organizations and businesses  
5 that promote economic development across our service territory.

6 We are very involved in our community, and we have  
7 been recognized from our work in promoting small business  
8 initiatives. We received the Minority Business Advocate Award  
9 presented to Tampa Electric by the Business Journal of Tampa  
10 Bay. We have also been recognized by the National Minority  
11 Supplier Diversity Council for more than 20 years of support.

12 Now that I have introduced you to our economic  
13 initiatives, I have some background on our supplier diversity  
14 program. It's our mission to help TECO Energy to do business  
15 and pursue partnerships with high quality small, minority, and  
16 women-owned businesses. It is our objective to promote the use  
17 of small, minority, and women-owned businesses by TECO Energy  
18 companies and prime contractors.

19 Tampa Electric maintains membership and close working  
20 relationships with organizations such as OSD -- Windell is  
21 getting a lot of press here today -- and the Florida Minority  
22 Supplier Development Council. A member of our staff serves as  
23 president of that west coast chapter. The council is an  
24 affiliate member of NMSDC. That is a national organization  
25 with a membership of over 3,500 major corporations and 15,000

1 certified minority business enterprise suppliers. The  
2 organization provides major corporations and government  
3 agencies with access to minority-owned and operated businesses.  
4 The Florida Minority Supplier Development Council provides MBE  
5 certification, networking, contract funding, trade fairs, web  
6 access to MBE and corporate member directories, buyer training,  
7 sales training, and a lot more.

8 We consider membership in the chamber of commerces  
9 within our service territory to be invaluable. Among those  
10 chambers are Tampa, Brandon, Ybor City, St. Petersburg, South  
11 Hillsborough County, and the list goes on and on.

12 At Tampa Electric we have programs especially  
13 designed for business owners. They include billing options,  
14 energy conservation programs and rebates, and energy-related  
15 products and services. Likewise, our success depends in part  
16 on doing business with diverse supplier based small businesses.  
17 They include the integration of MWBEs into the sourcing  
18 process, leveraging those relationships with manufacturers to  
19 support these businesses and implementing a marketing plan to  
20 communicate with small businesses and their owners.

21 The first step in achieving success in an economic  
22 initiative is obtaining a commitment from senior management.  
23 We have that support from our president, Chuck Black. Our  
24 organization trains non-purchasing personnel about the  
25 importance of the vendor diversity program. We make vendor

1 diversity source and directors available to each of our buyers.  
2 Our buyers receive training in support of that program. We  
3 establish goals for supplier diversity spending and then we  
4 measure that progress. We evaluate our buyers' performance  
5 with regard to contracts and small businesses. We have team  
6 members on our purchasing staff who are dedicated to small  
7 business support. We have three dedicated human resources to  
8 that particular initiative under the direction of our director  
9 of corporate purchasing. And, lastly, we have a passion for  
10 this mission.

11           How do we get the word out? We collaborate with our  
12 corporate communications department to reach small businesses  
13 to promote our supplier diversity program. We work with the  
14 latest technologies to continue those communications. For  
15 instance, we offer an online form that lets the potential  
16 suppliers submit their information to make it fast and easy to  
17 sign up, and we reach our target audiences from vehicles like  
18 e-mail alerts.

19           Even with all of those things we see that there are  
20 some areas where we can continue to grow and do better a job.  
21 These Tampa Electric groups help build relationships with small  
22 businesses. The corporate supply chain purchases goods and  
23 services such as steel, general construction, computer  
24 hardware, food service, boiler repair, telecommunications,  
25 professional services, advertising, and vehicle repair. Our

1 energy distribution operations uses goods and services that  
2 encompass meter reading, field collections, excavation, meters,  
3 general contracting, wire, cable, and other supplies for  
4 substation construction and maintenance.

5 We also buy financial services, such as insurance,  
6 health care services, and pension fund management services.  
7 And we require energy resources, such as computer hardware,  
8 transportation, consultants, valves, computer programming,  
9 fuel, gasoline, natural gas, scientific studies and research  
10 equipment. So as you have heard, we have many opportunities  
11 for small business to supply and serve us.

12 As I mentioned earlier, Tampa Electric's investment  
13 in contracts with small businesses has grown by 29 percent  
14 since 2000. We are proud of that fact. We believe that  
15 economic development depends on structure and support of small  
16 businesses into our business process. This includes training,  
17 setting goals, and measuring that progress.

18 Additionally, small business development is an  
19 economically sound corporate strategy with benefits that  
20 include stimulation of competition, enhancement of cost  
21 reduction initiatives, encouragement of economic development,  
22 encouragement of business partners to undertake similar  
23 initiatives. And small businesses make up the backbone of our  
24 economy.

25 Small businesses are the job and the innovation

1 engine of both our national and local economies. The number of  
2 small businesses grows every day and covers a variety of  
3 industries.

4 Thank you. I will take any comments or questions  
5 that you may have.

6 CHAIRMAN EDGAR: Thank you, Mr. Bell. I think we  
7 will move on.

8 Ms. Baughman.

9 MS. BAUGHMAN: Thank you very much, Madam Chair and  
10 the Commissioners. And thank you for having us today to tell  
11 our story and learn best practices while we're here. At Gulf  
12 Power, what we have done is develop a strategy of why we exist  
13 and what we hope to achieve in the area of supplier diversity.  
14 We really equate those to the three Cs; compliance,  
15 cultivation, and citizenship.

16 These are our key business drivers. In compliance we  
17 know that we need to comply with all regulatory guidelines and  
18 we adhere to those agencies and meet the spending goals with a  
19 pool of certified high quality suppliers. We promote diversity  
20 that adds quality through mentoring opportunities and helps  
21 proven suppliers grow their businesses. And we know we need to  
22 provide and be a good corporate citizen and improve the  
23 economies of the communities where we serve.

24 Our strategy for compliance was that one of the  
25 things we realized that people need to know and understand what

1 the contract requirements are. They need to know and  
2 understand why we are doing what we are doing and the  
3 regulatory requirements that they live under also. We also  
4 decided that we needed to have a spend analysis. We need to  
5 study and understand our spend and understand what we do with  
6 that spend, and I will talk a little more about that in a  
7 minute.

8           And the supplier segmentation. When we do our spend  
9 analysis, what we do is take what our projected total spend is  
10 going to be for the year using budget dollars. We then take  
11 out the agreed-upon exclusions that the GSA has allowed us,  
12 then we work down that methodology taking out what we know is  
13 already committed because of blankets or purchase orders that  
14 are already in place, where we know it is an OEM supplier and  
15 we don't have an opportunity, and what we end up with is the  
16 potential that we have got in our company to spend with small  
17 diverse businesses.

18           That lets us align those categories to then see what  
19 are the commodities we are talking about, what are the services  
20 that we can spend, and then we can target those with the  
21 business units. And then we know where we need to go look for  
22 suppliers. Do we already have them? Have we historically not  
23 used them, and we go find them so that they can have an  
24 opportunity to bid. So we establish that sourcing strategy for  
25 those specific commodities and services that we can include



1 small and diverse suppliers. Then what we do to cultivate  
2 that, our spend analysis does reveal the gap, and it says,  
3 okay, we know we are going to spend this money on this type of  
4 service, you don't have any small suppliers or diverse  
5 businesses identified, so we go out and find those.

6 With industry consolidation today, in our industry  
7 you have a lot of suppliers that are merging and we have fewer  
8 suppliers, and this is really in a way adding some  
9 opportunities for small businesses to come in and fill a niche,  
10 and it helps them compete and helps us keep our costs lower.

11 Sometimes we have static conditions. Historically,  
12 we maybe have a thought in the business unit that we don't  
13 think these suppliers could really perform at the level that we  
14 are used to, so what this helps us do is give these suppliers  
15 an opportunity on small jobs, and I will show you some examples  
16 in a minute, of coming in and building those relationships with  
17 the business unit and proving that they can provide the quality  
18 and the type of service that the business units want. And then  
19 we found that it is also increasingly difficult to reach our  
20 spend goals if we don't find new suppliers and bring them in.  
21 So what this also does by cultivating these suppliers and  
22 mentoring and growing them, we are able to meet the spend goals  
23 that we have set forth with the GSA and our internal goals.

24 One of the things that we have done in Gulf Power and  
25 throughout Southern Company, as part of Southern Company, we do

1 work together on supplier diversity. We have a supplier  
2 diversity team at the Southern Company level, and I'm the  
3 executive sponsor of that team for supply chain management in  
4 Southern Company. And one of the things that we identified was  
5 that what we really needed to do was get the business unit  
6 involved. Supply chain can't do it by themselves. It's not  
7 our money. We help them spend it, but it their money and it is  
8 their products and services.

9           So we went to the executive management and we asked  
10 for business unit champions. So they gave us -- and we said we  
11 want really good people that are willing to step out there and  
12 get out of that comfort zone, so they gave us that. So we have  
13 business unit champions in all of the core business areas that  
14 we meet with throughout the year and they are the ones that  
15 work with us on analyzing our spend analysis, because they know  
16 where those dollars are going to be spent. And so that is one  
17 of the things that we do that then helps us get out into the  
18 community and find those businesses that we need.

19           Then we partner with Southern Company on suppliers  
20 that are being mentored throughout Southern Company that they  
21 may know about that they are mentoring because a business unit  
22 at Georgia may have the same needs that we do. So we are able  
23 to leverage that.

24           We actively recruit supplies through trade shows and  
25 conferences as you all have heard. We all participate in a lot

1 of the same organizations and the same conferences and we do  
2 our one-on-ones and really true to find good qualified  
3 suppliers there. We participate and have leadership positions  
4 in other civic organizations, chamber of commerce and the small  
5 business development center that we work very closely with.

6           Some of our tools for success. We do feel that the  
7 GSA does provide a tool for success. It keeps us focused. We  
8 would like to believe that we would do it anyway. We think it  
9 is the right thing to do, and we try to go above and beyond  
10 what those goals are. For us, we have a 5 percent goal for  
11 women-owned and diverse businesses, and then I think it is 20  
12 percent for small businesses.

13           We have goals at all levels of the Southern Company.  
14 Our president of the Southern Company has a goal at his level.  
15 He is very committed to this. Therefore, all of our CEOs have  
16 goals in their performance plans, which mean all the business  
17 units have goals and all the buyers have goals, and these are  
18 tied to their performance. What we also do with our buyers, is  
19 we have a file checklist. It may seem simple, but when that  
20 file is put together there is a box on there, was a diverse  
21 small business supplier included in this opportunity to bid.  
22 If not, why not? And then that also gives us another avenue to  
23 find those suppliers so the next time we have this opportunity  
24 they can be included and get a chance to bid.

25           All of our contracts contain the flow down clause and

1 we also talk about this at our pre-bid meetings. We let our  
2 prime contractor suppliers know that our expectation is that  
3 they may have won this business, but we expect them to utilize  
4 small businesses in performing what they are going to do. And  
5 we asked for them to give us information on that. Other  
6 resources we have, as I mentioned, we do have a Southern  
7 Company supplier diversity team. All the managers of supplier  
8 diversity at each operating company are on that team. We  
9 typically meet about bi-monthly. We share stories; we share  
10 suppliers; we learn best practices; and because a lot of our  
11 business units are the same, we are able to really leverage  
12 that.

13 Our Gulf Power sourcing supervisor has  
14 responsibilities at Gulf Power for supplier diversity, and then  
15 we have our business unit champions, and then basically  
16 everybody is involved. We have a new supplier registration  
17 site that is on-line this week. We heard some of the same  
18 things from our suppliers that -- we had a registration site,  
19 but they said it was cumbersome and it was just too much work  
20 to be able to come in and register. So we took that under  
21 advisement. We agreed with them when we tried to go register,  
22 and so we now have a new site that is such easier. What it  
23 does is tell us about them. We get their important  
24 information. It tells us either the commodities or services  
25 that they sell, and then once -- and we have notification that

1 goes automatically to somebody within each operating company  
2 that let's them know that this person has registered, and this  
3 is type of commodity or service that they provide.

4           We are also implementing new technology right now  
5 that will allow these suppliers to come in and look at their  
6 purchase orders and look at their invoices and know where  
7 things are and give them an opportunity, if they do have a cash  
8 flow problem, to say, you know, I'm willing to offer a little  
9 discount if I can go ahead and get my money now. So it could  
10 be a win/win for everybody.

11           I mentioned -- and these may look small, but I think  
12 a lot of small businesses and some of these are diverse  
13 businesses also, but they have to start somewhere. You know,  
14 we have some larger ones with bigger dollars, but one of these  
15 industrial/mechanical/electrical -- in 2004 we spent a little  
16 over 200,000 with them. In 2005, we have spent over 600,000  
17 with them. They were given a chance, a small job, come in,  
18 work with one of the plants. They noticed they did good work.  
19 They were just as good as who they used to have, so they did  
20 let them bid on larger projects and now they have expanded to  
21 other generating plants.

22           Roberson Excavation, in 2004 they were actually  
23 introduced to Gulf by another Southern Company affiliate. They  
24 started with small civil work and coal sample testing. They  
25 did a good job. They have been selected as a source for

1 hauling and excavation work and they have gone from 300,000 to  
2 over 600,000. And a bonus, we got a cost savings over  
3 historical pricing by using this company.

4 Gulf Coast Electric Motor Service in 2004 went from  
5 97,000 to 194,000 in 2005. They began as an off-site motor  
6 repair facility. We asked the plants to just give them a try.  
7 And they expanded and they are now on-site, they were able to  
8 competitively bid and they have a blanket order which is like  
9 an extended agreement where they do all the motor repair for  
10 that plant. And we introduced to Mississippi Power and Georgia  
11 Power, so as you can see they have also reaped the benefits  
12 from that.

13 This gives you an idea of our average spend with  
14 small diverse businesses in 2003, 2004, and 2005. We are  
15 trying to edge that up. You'll see in 2004 it is down a  
16 little. We did have Ivan, and we had some other things that  
17 happened then, but I think the success story is even with all  
18 the additional dollars that we had to spend, we were able to  
19 maintain that spend with our small and diverse suppliers pretty  
20 much even with even the years that we didn't have that. So we  
21 do those suppliers that were able to come in and provide some  
22 of the services and commodities we needed with the restoration.

23 And lastly, this just gives you a feel for we've gone  
24 from 773 qualified small diverse suppliers in 2003 up to 918 in  
25 2005. We continuously try to grow that pool. Because one of

1 our goals is that if these businesses can grow out of small,  
2 that's great. And if that happens, it is good for everybody.  
3 But what we would like to do is make sure that we are  
4 replenishing those so that we still have that pool of suppliers  
5 to draw from.

6 Thank you very much.

7 CHAIRMAN EDGAR: Thank you. Thank you all.

8 We will move on to our presenter, which is Mr.  
9 Rolsten.

10 MR. ROLSTEN: Madam Chairman, Commissioners. Thank  
11 you for having me with you today and allowing me to visit a  
12 city in Florida that I have never been to. So, thanks.

13 My name is Jeff Rolsten. I'm the Executive Director  
14 of Supply Chain Services at BellSouth headquartered in Atlanta.  
15 You have probably heard a lot of similar terms today. I've got  
16 the strategic sourcing group, I think Deborah referred to it,  
17 and just recently, within the last month and a half, have taken  
18 on the supplier diversity group, as well. So I'm learning, but  
19 you will hear some of the same terms that you have heard today  
20 from me, as well.

21 What I want to do is talk about why small minority,  
22 women-owned businesses are important to BellSouth. I want to  
23 highlight some of our Florida business partners, the  
24 disbursement of spend with Florida and minority businesses, and  
25 I will get on the same bandwagon as everybody else and talk

1 about a few awards that we have gotten.

2           Doing business is good with us for people who use us  
3 for business. Our supplier base should reflect our customer  
4 base. We believe that sustained commerce is a two-way street.  
5 Inclusive business dealings are very important to BellSouth.  
6 Small minority and women-owned businesses are key growth  
7 markets. And I like this little saying, so I'll say it, when  
8 we support these businesses, we are making an investment not  
9 only in the future of our customers, but in the customers of  
10 our future.

11           Supplier diversity is not just a moral issue any  
12 longer, it really matters to the future of any organization,  
13 any business. Consumer and small business demographic trends  
14 are changing. Minorities and women are increasingly conscious  
15 of the effect they have on businesses, and businesses need to  
16 be cognizant of that, as well. Our behavior as a buyer help  
17 these companies and important customer segments grow their  
18 business.

19           Also, the federal government has a few requirements  
20 of us, and so competitiveness in that arena helps us with large  
21 business and large government contracts. Corporate reputation  
22 and public policy is very important to BellSouth. Community  
23 service is one of our key drivers and so that is why we focus  
24 on it.

25           We also have a very solid foundation for supplier



1 diversity and it is kind of what is driving us internally. The  
2 Chairman, who I was able to give this same presentation to  
3 about two weeks ago, started a diversity council and has  
4 actually elected a chief diversity officer of BellSouth. That  
5 is how much we concentrate on diversity. We have a diversity  
6 policy, and my group have yearly targets of what we need to do  
7 as far as diversity spend. I'm really pleased to say that in  
8 2005 we exceeded our goal for 2006 of 16.5 percent spend with  
9 diverse companies. And that, let me point out, is based on a  
10 spend that has gone down over the last five years because of  
11 less capital spending within the telecom community.

12           We have a scorecard that we share with the Chairman  
13 and his staff each quarter that shows where we are with  
14 diversity companies, where we are with spend, where we are with  
15 percentages, so he is focused on that. To further help his  
16 cause, we started a supplier diversity advisory council. This  
17 is chaired by my boss, Oscar Permas (phonetic), and all of the  
18 business unit vice-presidents within BellSouth. They are  
19 tasked to move the needle, if you will, of increasing diversity  
20 spend within the company.

21           We have also adopted a few educational opportunities,  
22 as other companies do. We're with the Georgia Governor's  
23 Mentor Protege Program. We do send some of our suppliers to  
24 executive education classes to help them further their  
25 business. We also have a website that suppliers can sign on,

1 BellSouth.com, and can preregister themselves so we know who is  
2 out there, and when we do RFPs we can utilize these companies,  
3 as well.

4 I have a staff of diversity managers, and they, as  
5 well as everybody else at this table, sit on a lot of  
6 foundations and advocacy organizations, and I will talk about  
7 those in a moment. So, we have talked about Tier 1/Tier 2  
8 directly or indirectly. I wanted to outline some of the  
9 businesses that we deal with in Florida. Tier 1, which are  
10 companies that we contract with directly, we have got 160  
11 companies within Florida that we deal with Tier 1. As you can  
12 see, MasTec, Adorno & Yoss, Spacial Concepts, Zero Chaos, and  
13 Effective Teleservices are some of our Tier 1s.

14 Tier 2s are companies that we use through a Tier 1  
15 supplier, but they subcontract, too. And Colonial Press and  
16 Pronto Press are a couple of those. Of course, all are valued.  
17 We prefer to do more with Tier 1. As far as Tier 2, we have  
18 103 suppliers in the Tier 2 category in Florida.

19 In the next slide I want to talk about the spend. I  
20 told you just a little bit ago in 2005 our total diversity  
21 spend was 16.5 percent. Well, we beat that in Florida. We  
22 have 19 percent of our spend in Florida is with Tier 1/Tier 2  
23 direct or indirect suppliers. So out of \$265 million worth of  
24 spend, you can see what the direct and Tier 2 are.

25 Then I wanted to show you also how we break that down

1 between some of the categories that make up MWDVBE, which is a  
2 hard thing to say, but if you keep trying you can get there.  
3 So that is the spend that we have when we break it down.

4           And then, as I said, I can't come here and not tout  
5 some of the things that we would done just recently, some of  
6 the recognition. The Florida Regional Minority Business  
7 Council, Corporation of the year 2004 and 2005. Deborah  
8 mentioned the WBENC top corporation of the year. I had the  
9 honor of accepting the award for BellSouth at the White House  
10 three weeks ago. That was pretty cool. In 2005/2006 we got  
11 top corporation.

12           As another note, WBENC are having their annual  
13 conference in June. It is called Women in Business 2006. It  
14 is being held in Miami Beach the last week in June, and  
15 BellSouth is one of the top four sponsors for that conference  
16 this year. Diversity Business.com, if you start from the  
17 bottom up you will see that we have made some pretty good  
18 strides. In 2002 being ranked at 29 and in 2005 being ranked  
19 at number three.

20           Georgia Minority Supplier Development Council is the  
21 Georgia portion of NMSDC. We won Crystal Award 2003, 2004, and  
22 2005, and that was recommendations of suppliers doing business  
23 with us, as well as corporation of the year. I think I will  
24 just stop right there.

25           So, we have done a lot of -- I'm very proud of the

1 group that have gone out and actually helped us develop some  
2 business. With that I'll close, unless you have any other  
3 questions.

4 CHAIRMAN EDGAR: Thank you. I have to ask what, if  
5 you know, and just out of curiosity, in the list of a couple of  
6 your Tier 1 suppliers there was a business listed as Zero  
7 Chaos. I really like to sound of that.

8 MR. ROLSTEN: Zero Chaos is an interesting company.  
9 They are like a staffing company, so they do payrolling. So if  
10 you want to target someone specific and say, you know, I want  
11 Deborah to work for me, you can get Deborah through Zero Chaos  
12 as opposed to going through a staff augmentation company who  
13 have a group of people on the bench. So you can target some  
14 people that you need to, and they will payroll them through  
15 you.

16 CHAIRMAN EDGAR: I like the sound of that, too.

17 Commissioner Arriaga.

18 COMMISSIONER ARRIAGA: On the next slide after that,  
19 please. The amounts that you spend. Is 265 million the total  
20 in Florida?

21 MR. ROLSTEN: Yes.

22 COMMISSIONER ARRIAGA: And then 41.7 million is the  
23 total in small business?

24 MR. ROLSTEN: Tier 1.

25 COMMISSIONER ARRIAGA: But 265 is the total in small

1 business?

2 MR. ROLSTEN: Yes.

3 COMMISSIONER ARRIAGA: Okay. Thank you.

4 CHAIRMAN EDGAR: Thank you. Mr. Rehwinkel.

5 MR. REHWINKEL: Thank you, Madam Chair.

6 My name is Charles Rehwinkel, State Vice President  
7 for Sprint, and I'm here today only because medical leave has  
8 temporarily prevented Michelle Robinson (phonetic), who is our  
9 subject matter expert in diversity supply from being here in  
10 person. And before I get going, I'm a board member of  
11 Enterprise Florida and have been for the last six years. And I  
12 need to chide Mr. Adams for not mentioning that the most  
13 valuable export to the state of Florida from the Dominican  
14 Republic is a 6'9" 250-pound center for the reigning national  
15 champions in college basketball. And I think just the  
16 production of Jersey Number 42 will probably generate millions  
17 in economic development impact for the state of Florida. So, I  
18 just wanted to point that oversight out.

19 We appreciate the opportunities, and I apologize for  
20 not having a PowerPoint, that is not one of my strong points,  
21 but I will provide to Bev a complete copy of my written remarks  
22 for inclusion in your materials. But we do appreciate the  
23 opportunity to share with the Florida Commission our policy and  
24 achievement in small business procurement in aid of economic  
25 development in Florida.

1 I'm going to take a little bit different tack, and I  
2 am really talking to external audiences for these part of my  
3 remarks, so bear with me, please. As a price-regulated company  
4 that competes for customers in a rapidly changing  
5 telecommunications industry, Sprint is daily faced with the  
6 challenges of competing for customers and for resources. Free  
7 market forces and factors increasingly dictate Sprint's  
8 marketing and procurement behavior. Currently, we face growing  
9 and fierce competition in the service end from cable companies  
10 providing VOIP services, wireless carriers, conventional CLECs,  
11 municipal providers, and even potentially investor-owned  
12 electric company affiliates providing BPL, platformed voice  
13 services.

14 Likewise, the competition for labor and other  
15 services is increasingly more difficult. Recently in the state  
16 of Florida in the wake of hurricane recovery efforts increased  
17 telecommunications competition generating other competitors  
18 hiring from the same work force, and economic conditions of  
19 growth in the state of Florida. And these factors all drive  
20 the decision-making on procurement.

21 And while we are excited about and welcome the  
22 opportunity to engage in the dialogue of this workshop, and we  
23 do support the Commissioners and the Commission's efforts to  
24 garner well-deserved recognition for the agency and the state,  
25 we feel compelled to note for the record that we believe that

1 the statutes cited in our invitation letter are probably not  
2 applicable to price-capped local exchange companies, and,  
3 furthermore, the competitive environment that has engulfed the  
4 industry, coupled with the Commission's limited jurisdiction  
5 over these other telecommunications providers that I mentioned,  
6 coupled with growing market share and competitive threat, will  
7 increasingly make it likely that it will be more challenging to  
8 the Commission to have the ability to influence behavior in  
9 this area, at least with respect to telecom companies. But,  
10 even so, I believe that we can cooperate where needed to  
11 minimize that challenge and assist the Commission in its  
12 efforts.

13 I will provide in my written comments, and not spend  
14 your time here today, a brief legal analysis there that I don't  
15 think is really relevant to what we are talking about today.  
16 But, I want to say that despite my opinion about that, I don't  
17 think the statutory framework impacts at all the ability of the  
18 Commission to undertake this very positive and worthwhile  
19 exchange of information. And I echo the comments of one of the  
20 electric company presenters that this is a good learning  
21 opportunity for us to share and learn about things that we are  
22 currently not doing.

23 Having said this, Sprint does believe that diverse  
24 procurement and economic development is important and that the  
25 Commission has a genuine and legitimate concern here. Sprint

1 spends directly over \$200,000 annually on economic development  
2 efforts in the state of Florida, and this primarily includes  
3 membership and active participation in Enterprise Florida, like  
4 I said, which I am a board member and have been for six years,  
5 the Florida Economic Development Council, and the regional EDCs  
6 around the state. We have made the conscious choice to devote  
7 our direct economic development initiatives in this manner  
8 because we believe these efforts help the state and region as a  
9 whole attract economic development, and thus is good for all  
10 businesses of all sizes.

11           We will continue to participate this way in direct  
12 economic development because we believe that the  
13 telecommunications landscape and the competitive environment  
14 continue to dictate so. But this does not mean that Sprint  
15 does not undertake other activities that have a more indirect  
16 but nevertheless important impact on economic development of  
17 the state. In Florida, we spend annually \$1.2 million on  
18 community support. We are proud of this community involvement  
19 and we recognize that this spending which ranges from the  
20 American Heart Association to the Boys and Girls Clubs to  
21 Easter Seals to the United Way to the Hispanic Business  
22 Initiative Fund to the March of Dimes to the Urban League is  
23 important to the local communities and the many small and  
24 minority business in these neighborhoods that are served by  
25 these organizations. This is part of giving back to the



1 communities and is vitally important to our company.

2           We do make a concerted effort to emphasize small  
3 business and minority procurement. Again, direct economic  
4 development is not the initial motivation for these activities,  
5 but instead economic development is fostered indirectly by our  
6 procurement activities. Sprint has a supplier diversity  
7 department, much like you have heard about today from the other  
8 companies, whose mission it is to identify, introduce, and  
9 promote diverse suppliers so that they have opportunities to  
10 compete for Sprint's business.

11           Sprint's supplier diversity policy affirms that  
12 certified diverse suppliers have the maximum opportunity to  
13 participate in providing products and services to Sprint. We  
14 are committed to increasing our purchasing initiatives from  
15 minority, women, disabled veteran, and small businesses. By  
16 including qualified diverse suppliers, we continue to sharpen  
17 our competitive edge providing Sprint with innovative  
18 solutions. These mutually beneficial relationships contribute  
19 toward the economic success of Sprint and our diverse  
20 suppliers.

21           So what procurement activities are impacted by our  
22 policy? Goods and services that are contracted out primarily  
23 include contract labor, printed forms, office supplies,  
24 building construction, janitorial services, landscaping, lawn  
25 care, building maintenance, cables, software development, legal

1 services, architectural services, environmental services,  
2 refuse collection, training, tools and test equipment,  
3 transmission equipment, data supplies, temporary services,  
4 consulting services, and outside plant construction.

5           And for the purposes of implementing this policy, the  
6 following definitions apply. For a small business, that means  
7 a concern including its affiliates that is independently owned  
8 and operated, not dominant in the field of operation in which  
9 it is bidding, and which qualifies as a small business under  
10 the guidelines and size standards established under the  
11 standard industrial classifications codes. A minority business  
12 means a small business concern that is at least 51 percent  
13 owned, operated, and controlled by one or more individuals who  
14 have been impeded from normal entry into the economic  
15 mainstream because of race, religion, sex, or national origin.

16           Sprint takes the following measures to ensure that  
17 small, minority, women, and service disabled veteran-owned  
18 businesses -- I probably should just use the initials, but it  
19 is hard for me to say, too -- are afforded the maximum  
20 practicable opportunity to compete for contracts and  
21 subcontracts. The major responsibilities of the supplier  
22 diversity director are as follows: To seek, identify, certify,  
23 and assist small, minority, women, and service-disabled veteran  
24 owned businesses to qualify for inclusion in the Sprint  
25 supplier database; to maintain approved bidders lists; to

1 develop, submit, and ensure compliance with the Sprint  
2 commercial small business subcontracting plan, and other state  
3 specific plans for the utilization of small, minority, women,  
4 and disabled veteran-owned businesses; to ensure procurement  
5 packages are structured to permit small, minority, women, and  
6 service disabled veteran-owned businesses to participate to the  
7 maximum extent possible; to ensure that all efforts are  
8 appropriately documented by the establishment and maintenance  
9 of records of solicitations and subcontract award activity; by  
10 attending or ensuring attendance by a Sprint representative at  
11 small, minority, women, and disabled veteran opportunity  
12 workshops, trade shows, and seminars, to provide and/or to  
13 conduct training of all acquisition personnel regarding the  
14 various federal and state laws and regulations related to  
15 procurement; to monitor and evaluate the program effectiveness  
16 and recommend changes to develop programs, practices, and  
17 procedures for implementing annual and long-range goals; to  
18 ensure resolution of issues pertaining to acceptance, denial,  
19 and treatment of small, minority, women, and disabled  
20 veteran-owned businesses; to coordinate and conduct all  
21 activities relating to compliance reviews by federal and state  
22 agencies that involve the subcontracting plans; and to ensure  
23 Sprint participation, support, attendance, and leadership in  
24 regional and national small business activities, business  
25 opportunity fairs, conferences, and to coordinate with all

1 levels of management to demonstrate Sprint's commitment to  
2 supplier diversity.

3           In 2005, Sprint merged with Nextel, and we just have  
4 a few more success stories to relate to you along the same  
5 lines. And in addition to executing the above policies, in  
6 2005 enhancements to our program included assigning a diverse  
7 utilization goal to each direct report to the CEO. At merger  
8 completion, both Sprint and Nextel accomplished their corporate  
9 diversity goals at 8 percent and 10 percent respectively. Our  
10 supplier diversity folks met with every operational  
11 vice-president and provided a plan for that executive to  
12 increase diversity spend in their organization.

13           In addition, supplier diversity is providing  
14 executives with monthly updates on their diversity utilization.  
15 Each direct report to the CEO has created a diversity council  
16 to promote supplier and employment diversity within their  
17 organizations. Supplier diversity team members participate as  
18 ex officio members of each team. These team members also  
19 participate in tradeshow aimed at minority and small business  
20 procurement.

21           As mentioned before, Sprint supports local economic  
22 development initiatives through financial support of local  
23 advocacy and community groups. We have completed a new online  
24 registration system that was activated and is now available  
25 through the supplier diversity website at

1 www.Sprint.com/Sprint/diverse.

2           We have increased emphasis on identifying small and  
3 minority suppliers through trade fairs, spotlight luncheons,  
4 referrals, one-on-one meetings, and follow-ups on supplier  
5 inquiries. The concept of supplier diversity was also added as  
6 criteria for sourcing decisions in both tactical and  
7 strategically sourced procurements.

8           Stronger second tier language was adopted for RFPs  
9 and contracts. Supplier diversity also reviewed previous  
10 contracts and renegotiated several large contracts to insert  
11 diversity subcontracting goals. And, finally, a second tier  
12 reporting tool was implemented that will monitor prime  
13 contractors compliance with their second tier goals.

14           Finally, I just want to get to the bottom line, which  
15 Commissioner Arriaga has asked others about today. Of the \$183  
16 million in direct outside supplier procurements, and that is  
17 direct in the state of Florida, over 33 percent of that is from  
18 small and minority-owned businesses. That equates to  
19 \$60.5 million out of the \$183 million of direct procurement in  
20 the state of Florida, and that involves 286 out of 1,147  
21 suppliers.

22           In conclusion, Commissioners, I want to say that  
23 Sprint, again, supports the Commission's striving for the  
24 recognition of the NARUC UMAP award. Much has been done  
25 quietly and without public awareness in the past. These

1 efforts have borne fruit, as you have heard about here today,  
2 and we look forward to working with you to support this effort.

3 And at this time that concludes my remarks, and I  
4 stand ready to answer any questions that you have, recognizing  
5 that I am not the subject matter expert, but am filling in.

6 CHAIRMAN EDGAR: Thank you, Mr. Rehwinkel.

7 Commissioner Arriaga.

8 COMMISSIONER ARRIAGA: I just wanted to make a brief  
9 comment to all of you, because it goes the same. It was never  
10 my intention, and I don't think it was the Commission's  
11 intention or the staff to put anybody on the spot with a legal  
12 sword to make you come here forced to be here. We appreciate  
13 you coming here. I said it from the beginning, it is very  
14 important to all of us to give you the opportunity to showcase  
15 the wonderful things you are doing. I am extremely proud of  
16 the job you have done, and I am glad you are here on your own  
17 voluntarily.

18 We can't call a meeting without citing statutory  
19 authority. I mean, we have to do that, and if it doesn't  
20 completely apply, I understand that we have done it in a good  
21 intent on a voluntary basis with the hope that all of you would  
22 come and showcase what you have done today. It is wonderful  
23 news.

24 MR. REHWINKEL: Long after all of us are gone to  
25 doing something else, I just was saying that so someone

1 wouldn't look at this and think that there was something more  
2 to it than what we have gotten here to today, which is to have  
3 this dialogue, and we really appreciate it. Thank you.

4 CHAIRMAN EDGAR: Commissioner Carter.

5 COMMISSIONER CARTER: Thank you, Madam Chairman.

6 To all of our participants from Enterprise Florida,  
7 to Office of Supplier Diversity, the corporations and entities,  
8 regulated entities, and then the people in the audience. We  
9 sincerely appreciate this opportunity.

10 You know, it is really commonsensical that you would  
11 want to do business with the people that do business with you.  
12 And, Commissioner Arriaga, I applaud your efforts and  
13 wholeheartedly support what you are trying to do, because  
14 Florida is a unique oasis in this beautiful experiment we call  
15 America, and that is we have probably over 118 different  
16 nationalities in this place, and it just makes Florida such a  
17 wonderful place to live.

18 You know, people from Honduras to China, from Hong  
19 Kong to Taiwan, from Iraq and Iran living next door to one  
20 another. Some I studied with at Florida State University and  
21 some, unfortunately, went to that other school down there that  
22 we won't mention, but it is a great opportunity for us to come  
23 together in America and celebrate. The diversity makes us  
24 where we are. No other place on the planet do people  
25 voluntarily come together and live next door to one another.

1 And, you know, it just kind of makes this experiment called  
2 democracy a living example of how human beings can get  
3 together.

4 And our goal on the Commission was to ask the  
5 industry if they would like to voluntarily work with us as we  
6 try to bring about best practices. Obviously we want our  
7 Commission to stand head and shoulders above all the other  
8 commissions in the country. And this effort to see what our  
9 regulated entities are doing in our state so that we can be at  
10 the national convention and say look at what Florida is doing.

11 And I note one thing is that being on the very  
12 beginning with Governor Bush in setting up the Office of  
13 Supplier Diversity is that that is a world-class organization.  
14 We travel all over the country, Mr. Paige and I did, talking to  
15 other states about how to provide business opportunity in a  
16 nonconfrontational manner. And it is a wonderful experience to  
17 see us here today six years later voluntarily saying, you know  
18 what, this is a great way to do business. And I tell you, what  
19 we are trying to do here now in our Commission is to show  
20 everybody around the world that we voluntarily come together,  
21 work together, we live together, we play together, we pray  
22 together, and that is what people see with Florida.

23 Look, there is a new experiment in Florida. The  
24 Florida Commission, no disrespect to our colleagues that were  
25 here before, but, you know, Commissioner Arriaga is right, he



1 said give us a chance. You are going to see some great things.  
2 And if we offend anybody, just account it to our good nature of  
3 saying, you know, can't we all just work together to show  
4 people that Florida is a great place to live, and Florida is  
5 head and shoulders above all else.

6 We don't apologize for excellence. We don't  
7 apologize for diversity. That is what makes us who we are and  
8 what we are. And I'm looking forward to going down there with  
9 you in Miami and when you go on the stage, you and the  
10 Chairman, and accepting that award for Florida. And I'm  
11 looking forward to those of you in the industry to say, hey,  
12 you know, we did it together.

13 Thank you, Madam Chairman.

14 CHAIRMAN EDGAR: Thank you, Commissioner Carter.

15 This is the first time in quite awhile that we have  
16 actually had a gathering of all of us and we finished a little  
17 ahead of schedule. So I want to say a sincere thanks to all of  
18 our presenters and all of our participants. I have said twice  
19 during our discussion this afternoon that we are going to hear  
20 good news stories. We have. I, of course, echo the comments  
21 of my colleagues. I'm very proud of so much that we do here in  
22 the state together and collectively.

23 As Commissioner Arriaga had mentioned, we had hoped  
24 to have Commissioner Williams from Maryland with us today, but  
25 we all understand things that come up at the last minute at

1 home that need to be tended to and require a personal presence.

2 I will take the opportunity, though, to read a brief  
3 excerpt from a statement that he has made, and so I'm going to  
4 quote Commission Williams here, which is, "New concepts in  
5 creating enduring business partnerships with strategic  
6 alliances promotes growth, new markets, greater economic  
7 expansion, and healthy competition. We have the unique  
8 opportunity to have a profound impact locally and nationally,  
9 to impact the economy, increase profits, generate better goods  
10 and services, and provide overall good business practices."  
11 And I think those are exactly the things that we have been  
12 talking about today together.

13 We have heard great terminology, and I always like to  
14 learn a new phrase, and one of the ones I really liked today is  
15 doing business inclusively. Mr. Rolsten, thank you. Again,  
16 thank you all for your participation.

17 Ms. DeMello with our office will be putting together  
18 the comments and summary of all of our proceedings and with the  
19 information supplied by all of our presenters, and that will be  
20 able on our website in approximately two weeks. I know there  
21 will be great information there. As noted by many of our  
22 presenters, there is an opportunity here to learn from best  
23 practices and exchange information.

24 So with that, thank you all, and we are adjourned.

25 (The workshop concluded at 4:05 p.m.)

1 STATE OF FLORIDA )

2 : CERTIFICATE OF REPORTER

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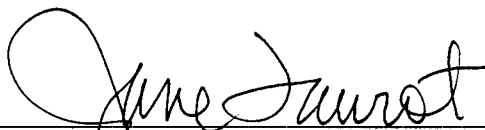
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14 I FURTHER CERTIFY that I am not a relative, employee,  
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18 the action.

19 DATED THIS 18th day of April, 2006.

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