



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

July 15, 2021

The Honorable Clifford Rechtschaffen
Commissioner, California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Rulemaking 21-03-010 – Advancing LGBT Business Enterprises Opportunities

Dear Commissioner Rechtschaffen,

I commend the California Public Utilities Commission (Commission) for its sustained commitment to providing increased economic opportunities for diverse suppliers as part of its long-standing Supplier Diversity Program in accordance with General Order 156.

The enactment of AB 1678 (Chapter 633, Statutes of 2014) created an equitable pipeline for LGBT-owned business enterprises to compete for business within California's public utility industry. I believe the work of this Commission has served as a model for advancing procurement opportunities for businesses owned by women, people from historically underrepresented communities, disabled veterans, and LGBTQ+ people.

Similarly, my Department's own [Insurance Diversity Initiative](#) (Initiative) is a high priority program of mine whose mission is to implement policies and outreach efforts to further diversify the governing boards and supplier diversity programming efforts of insurance companies. In fact, the Commission's long-standing supplier diversity program helped serve as a model for the Department during the creation of this important Initiative. Since the Initiative's inception, California's \$340 billion insurance industry has witnessed the impact of the Initiative's diversity, equity, and inclusion policies that fuel transparency and accountability. In fact, starting in 2012 and over the past eight years, insurance companies' procurement specifically with California's LGBT-owned businesses went from \$104,000 to most recently \$10.3 million – an increase of more than 98 times – according to the results from the latest California Insurance Diversity Survey. Despite this progress, we realize that the amount of money insurance companies spend with LGBT-owned businesses can be even better, especially when viewed relative to the trillions of dollars in insurance premiums collected from consumers across the state and nation each year. My Department and I continue to maintain an unwavering commitment to inclusion, diversity, and equity and believe that the Commission has a tremendous opportunity to continue modeling what happens when we create transparent policies through the lens of equity.

For these reasons, I urge the Commission to establish an aspirational procurement goal that goes beyond the utilities' proposed 0.5% goal for LGBT-owned business enterprises. Given that this goal is aspirational, the benchmark procurement goal for LGBT-owned businesses should also represent something that utility companies must strive to reach for and achieve. When setting goals related to benchmarking progress, as regulators, the actions that we adopt will have far-

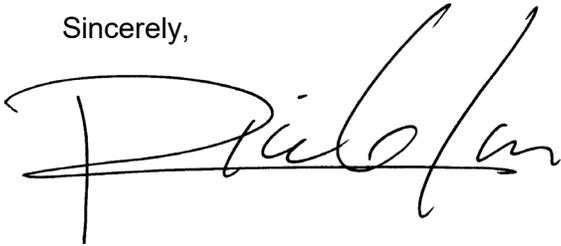
reaching implications for people within the scope of our influence.

I believe that a supplier pool that reflects the diverse population of our state is meaningful and necessary. However, I recognize utility companies cannot do this alone. Therefore, I encourage a collective commitment and enhanced engagement from multiple key stakeholders, including the Commission, utility industry, elected officials, consumer advocates, and LGBTQ+ chambers of commerce alongside LGBTBEs. It would be equally meaningful for the Commission to build in a mechanism that would enable it to reevaluate the efficacy of this procurement goal in the near future and periodically thereafter.

There is no better time than now. Along with an enduring social justice movement, our nation continues to grapple with a global health pandemic. Our collective experiences over the past year emphasize the value of more thoughtful and intentional policies that advance diversity, create opportunity, and promote partnerships with all. This is a pivotal moment for the Commission to set a precedent to help ensure that this procurement goal can generate a positive economic impact that is fair, equitable, and inclusive for California's LGBT-owned businesses, especially with a pandemic that continues to negatively affect the livelihoods of many LGBT-owned businesses, among other impacted and disadvantaged communities.

Thank you very much for your continued thoughtful consideration on this important economic opportunity proposal. Please contact me or Michael Martinez, Senior Deputy Commissioner and Legislative Director, at (916) 492-3565 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ricardo Lara". The signature is fluid and cursive, with a large initial "R" and "L".

RICARDO LARA
Insurance Commissioner

cc: Marybel Batjer, President, California Public Utilities Commission
Martha Guzman Aceves, Commissioner, California Public Utilities Commission
Darcie L. Houck, Commissioner, California Public Utilities Commission
Genevieve Shiroma, Commissioner, California Public Utilities Commission
Regina DeAngelis, Assigned Administrative Law Judge, California Public Utilities Commission