

Growing Communities through Supplier Diversity

An Economic Impact Study on
Supplier Diversity Initiatives
2019 Data

On behalf of EEI's participating
members and industry partners

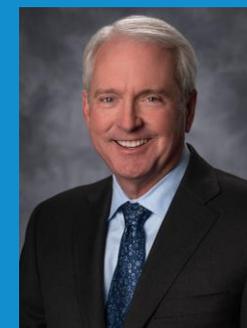
Analysis performed by

cvm
a supplier.io company

EEI
Edison Electric
INSTITUTE



“I’m proud of our industry’s commitment to increase the diversity of our suppliers, while obtaining the best products and services for our customers,” said Ben Fowke, chairman and CEO of Xcel Energy, and chairman of EEl. “Together, we are making a difference by ensuring that our supplier networks reflect the communities we serve, offering new opportunities for diverse suppliers and supporting local economies by creating jobs.”



Ben Fowke

Chairman and Chief Executive Officer of Xcel Energy
Chairman of Edison Electric Institute 2020 - 2021



Supplier Diversity Economic Impact Study

This Economic Impact Study presents a quantitative snapshot of the aggregated economic benefits derived from the business diversity initiatives of EEI's members and industry partners. Detailed examination of economic impact data and findings fortify the supplier diversity business case, corroborate return on investment, and underscore the favorable economic ripple effects of spending with diverse suppliers. These results are pivotal and align with the industry's social responsibility commitments and core values. We offer our ongoing attention and efforts to the continued enhancement of supplier diversity initiatives for impactful economic growth. We would like to express our appreciation to the twenty-eight EEI members and industry partners whose contributions to this undertaking were invaluable and noteworthy.



Economic Impact Study Participants

EEI Industry Members



EEI Industry Partners



Tennessee Valley Authority

EEI Business Diversity Executive Advisory Committee Members



Byron Witherspoon
Ameren, Chair



Valerie Coyazo
Eversource, Vice Chair



Paul Buerkle
TVA



Gerry Darden
Southern California Edison



Rivers Frederick
Entergy Corporation



James Garness
Xcel Energy



Andrew Grier
Duke Energy



Mary Mayhew
Florida Power & Light
Company



Glenda Thomas
Alabama Power Company



Esther Williams
DTE Energy

Business Diversity Committees & Responsibilities

Executive Advisory Committee

Best Practices/ Industry Trends Committee

Responsibilities

- Identify and inform members on new innovations and trends that impact business diversity including sustainability, supplier consolidation and workplace diversity
- Gather and share best practices from EEI members and partners and other industries
- Identify and develop business diversity training opportunities

Member Development Committee

Responsibilities

- Develop and execute new member mentoring system
- Develop Business Diversity toolkit in support of new and existing member initiatives
- Provide resources, tools and practices to enhance member experiences

Performance Measures Committee

Responsibilities

- Lead EEI economic impact engagement
- Conduct periodic business diversity benchmarking
- Develop EEI “storytelling” strategy on diverse and prime performance
- Develop, recommend and provide metrics for both internal and external program accountability

Communication/ Events Committee

Responsibilities

- Develop and execute EEI communication business diversity strategy
- Leverage social media platforms for storytelling
- Assist with planning EEI Business Diversity Conference and Best Practices workshop



EEI and its members aim to establish long-term relationships with diverse suppliers who provide products and services

For more than 36 years, EEI's Business Diversity Program has created opportunities for diverse businesses to take part in the growth of the energy industry. EEI members and partners aim to establish long-term relationships with diverse suppliers who provide products and services that help our industry succeed in a highly competitive environment. EEI's membership continue to build close alliances with diverse suppliers, knowing that a business practice today will impact business development tomorrow.

\$22 billion

Collective purchases by participating EEI members and industry partners from small and diverse businesses in 2019

Making an economic impact through Supplier Diversity

Supplier diversity programs help foster jobs and economic activity in under-represented segments of the business and customer community. Inclusive procurement practices provide opportunities for diverse businesses, that in turn provide greater representation, employment and economic advancement for small, minority, women, veteran and LGBT communities.

Economic Impact

The impact of spending with a company is greater than direct purchases made from the company. This is because money spent with the company is spent again on payroll, goods and services, and other suppliers in its supply chain. Employees use their salaries to purchase goods and services from other businesses. Downstream suppliers similarly invest the proceeds from their sales on their employees and other businesses. A chain reaction of indirect and induced spending continues. This economic ripple effect is analyzed in an economic impact study.

Economic Impact Channels



PRODUCTION

Purchases from small and diverse businesses support economic activity and creates a ripple effect of purchases through their supply chain.



JOBS

Suppliers ramp up staff to support additional sales. This supports diverse supplier jobs within their supply chain and in their communities.



INCOMES

Employees that hold these jobs earn incomes that help support their families and create additional spending.



TAXES

Economic activities generate revenues for the government in the form of personal and business taxes. Taxes support government spending and investment within the community.



Economic Impact of Supplier Diversity Programs

To deliver our services, our members and industry partners rely on a broad and diverse supply chain. Our suppliers provide crucial inputs to our operations. Our purchases from small and diverse businesses stimulate economic activity throughout the rest of the economy.



Supporting the U.S. economy

\$41.6 Billion

U.S. GDP CONTRIBUTION



Growing communities through jobs

~285,000

JOBS SUPPORTED



Creating wealth through wages

\$16.2 Billion

EMPLOYEE WAGES EARNED



Giving back through taxes

\$13.6 Billion

TAXES CONTRIBUTION

Multiplier Effect of Our Purchases

Purchases of goods and services by EEI members and industry partners have a multiplier effect in the economy through 3 channels:



Direct

The economic benefit of the company's operations and activities.



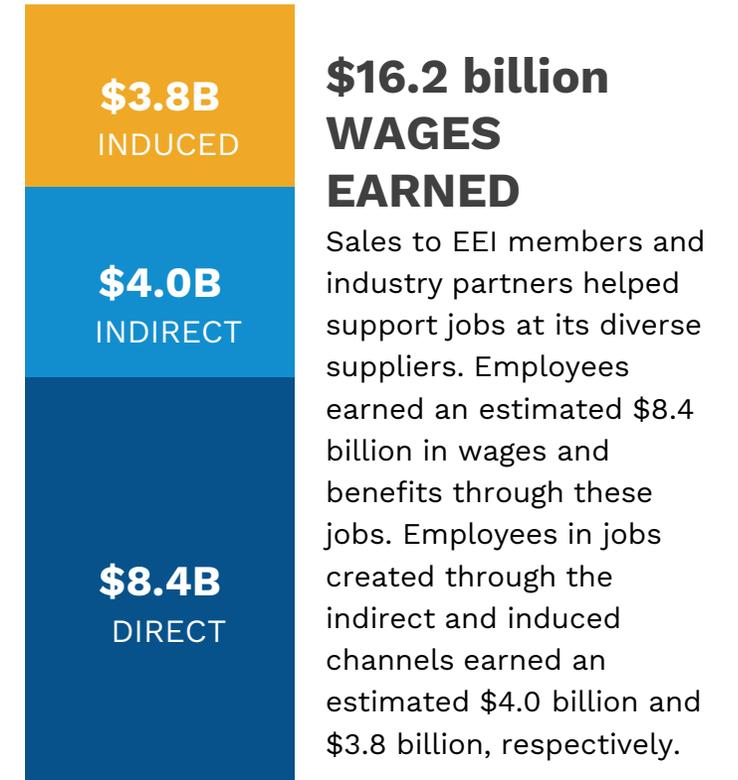
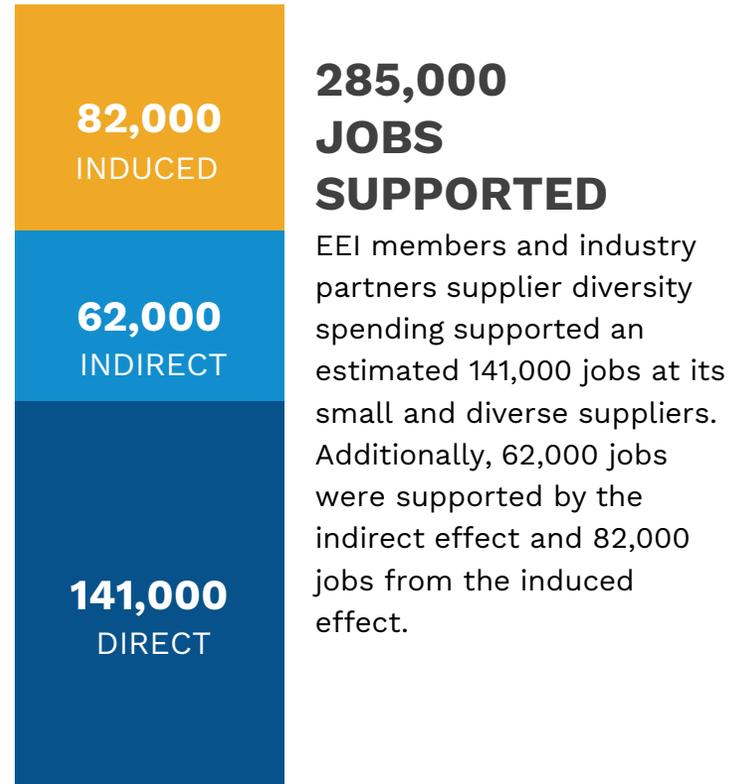
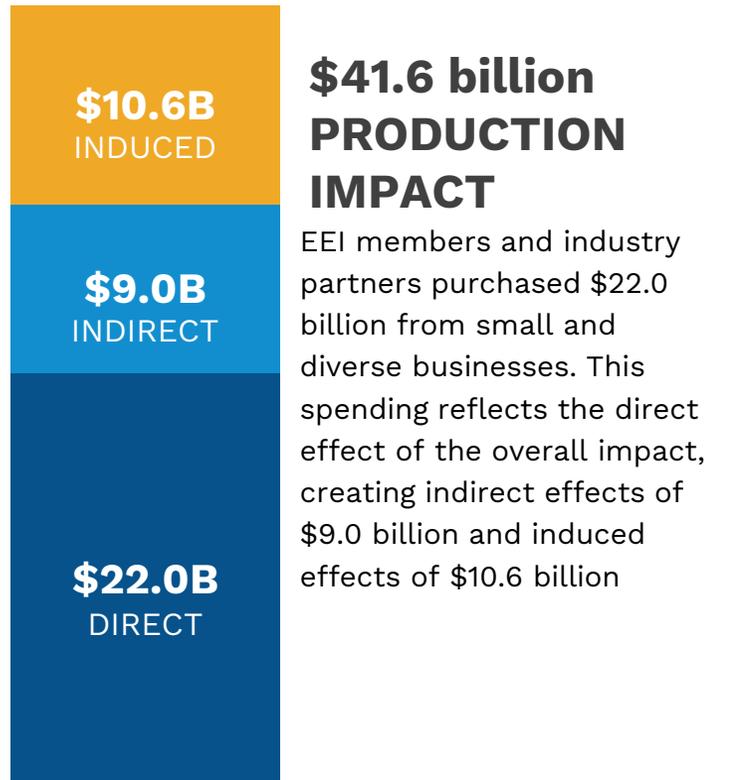
Indirect

The economic benefit in EEI's member and industry partner supply chains as a result of the procurement of goods and services.



Induced

The wider economic benefits that arise when employees of the companies and its supply chain spend their earnings.

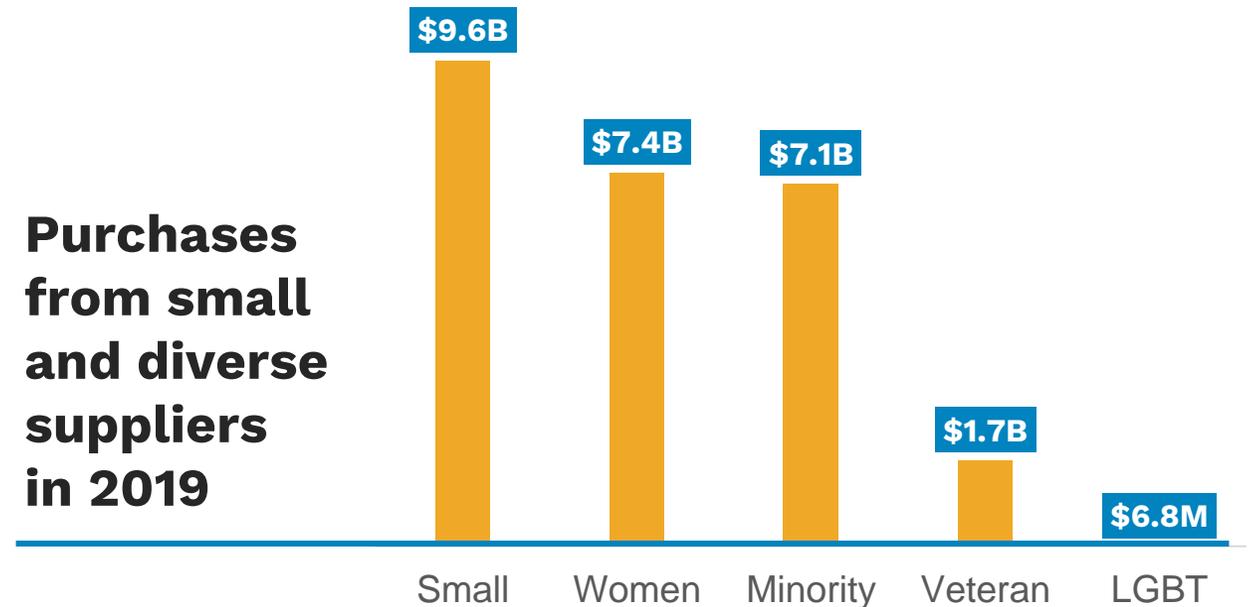




EEI members and industry partners have amplified and expanded our engagement of diverse suppliers to provide innovative support and innovation to our customers

EEI members and industry partners are committed to the continued enhancement of supplier diversity initiatives for impactful economic growth. Our suppliers reflect the diverse communities we serve. They help shape, grow, and develop their communities by creating economic and employment opportunities.

Purchases from small and diverse suppliers in 2019





Our Impact on Small Businesses



\$9.6 Billion
PURCHASES

61,496
JOBS SUPPORTED



\$3.7 Billion
EMPLOYEE WAGES EARNED



Our Impact on Women-Owned Firms



\$7.4 Billion
PURCHASES

50,718
JOBS SUPPORTED



\$3.0 Billion
EMPLOYEE WAGES EARNED

Our Impact on Minority-Owned Firms



\$7.1 Billion
PURCHASES

45,333
JOBS SUPPORTED



\$2.8 Billion
EMPLOYEE WAGES EARNED



Our Impact on Veteran-Owned Firms



\$1.7 Billion

PURCHASES

10,868

JOBS SUPPORTED



\$671 Million

EMPLOYEE WAGES EARNED



Activities and Events

The EEI Business Diversity Committee is committed to supporting supplier and workplace diversity events and activities around the U.S. EEI and its members and industry partners also hosted, sponsored and attended some of the nation's premiere annual diversity events. Over the last two years, our commitment to supplier diversity is exemplified by our involvement in the following events:

- ◆ EEI Annual Business Diversity Conference
- ◆ EEI Annual Business Diversity Best Practices
- ◆ AABE Annual National Conference
- ◆ NARUC Winter, Summer & Annual Meeting
- ◆ NMSDC Annual Conference
- ◆ WBENC Annual Conference
- ◆ WBENC Annual Summit & Salute
- ◆ National Utilities Diversity Council Annual Meeting
- ◆ Women in Energy Annual Summit

EEI 2019 Business Diversity Annual Conference



Supporting small & diverse businesses across the nation

	MEMBER PURCHASES	TOTAL OUTPUT	TOTAL JOBS	TOTAL WAGES	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Alabama	\$920.2M	\$1.7B	13,227	\$674.4M	6,911	\$532.0M
Alaska	\$4.2M	\$7.2M	48	\$3.3M	28	\$3.0M
Arizona	\$18.8M	\$37.6M	277	\$14.9M	131	\$12.3M
Arkansas	\$43.7M	\$75.8M	640	\$28.9M	360	\$25.9M
California	\$4.8B	\$9.7B	62,482	\$3.8B	30,558	\$3.5B
Colorado	\$375.8M	\$762.9M	5,243	\$282.7M	2,447	\$244.4M
Connecticut	\$146.1M	\$262.7M	1,663	\$115.9M	882	\$79.3M
Delaware	\$26.1M	\$45.9M	276	\$20.1M	144	\$13.9M
District of Columbia	\$75.8M	\$101.0M	455	\$56.9M	303	\$26.4M
Florida	\$722.2M	\$1.5B	11,935	\$619.8M	5,425	\$496.3M



Supporting small & diverse businesses across the nation

	MEMBER PURCHASES	TOTAL OUTPUT	TOTAL JOBS	TOTAL WAGES	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Georgia	\$1.5B	\$3.0B	22,643	\$1.2B	10,980	\$915.7M
Hawaii	\$182K	\$309K	3	\$133K	2	\$117K
Idaho	\$40.0M	\$74.1M	591	\$26.3M	293	\$25.3M
Illinois	\$1.6B	\$3.2B	21,150	\$1.4B	9,810	\$1.0B
Indiana	\$324.3M	\$570.9M	4,049	\$210.1M	2,021	\$164.3M
Iowa	\$73.0M	\$125.2M	886	\$44.5M	478	\$42.2M
Kansas	\$68.6M	\$121.2M	850	\$44.1M	444	\$40.0M
Kentucky	\$274.9M	\$486.1M	4,094	\$192.3M	2,270	\$155.8M
Louisiana	\$139.8M	\$252.7M	1,941	\$105.6M	1,017	\$79.7M
Maine	\$15.4M	\$28.3M	169	\$8.9M	74	\$9.5M



Supporting small & diverse businesses across the nation

	MEMBER PURCHASES	TOTAL OUTPUT	TOTAL JOBS	TOTAL WAGES	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Maryland	\$419.8M	\$774.9M	5,066	\$346.9M	2,488	\$244.0M
Massachusetts	\$268.7M	\$436.5M	2,172	\$161.1M	1,030	\$114.8M
Michigan	\$866.1M	\$1.6B	13,562	\$674.6M	7,264	\$547.6M
Minnesota	\$311.2M	\$625.5M	5,308	\$249.7M	3,002	\$212.5M
Mississippi	\$210.6M	\$354.9M	2,795	\$125.2M	1,553	\$138.6M
Missouri	\$632.4M	\$1.1B	7,160	\$369.3M	3,545	\$333.6M
Montana	\$48.5M	\$90.1M	644	\$28.1M	292	\$32.9M
Nebraska	\$39.4M	\$67.3M	534	\$25.1M	307	\$23.0M
Nevada	\$12.3M	\$22.1M	155	\$8.8M	79	\$7.6M
New Hampshire	\$68.2M	\$95.6M	426	\$22.9M	206	\$29.9M



Supporting small & diverse businesses across the nation

	MEMBER PURCHASES	TOTAL OUTPUT	TOTAL JOBS	TOTAL WAGES	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
New Jersey	\$1.2B	\$2.1B	12,818	\$882.4M	6,054	\$632.7M
New Mexico	\$37.4M	\$65.9M	450	\$21.1M	228	\$26.0M
New York	\$288.9M	\$525.9M	3,091	\$244.4M	1,571	\$200.2M
North Carolina	\$602.2M	\$1.1B	8,352	\$441.6M	3,924	\$364.0M
North Dakota	\$117.4M	\$201.2M	1,423	\$80.1M	778	\$73.7M
Ohio	\$751.1M	\$1.4B	10,026	\$512.3M	4,965	\$470.2M
Oklahoma	\$96.5M	\$174.3M	1,303	\$63.4M	712	\$58.6M
Oregon	\$51.4M	\$91.7M	713	\$34.2M	384	\$31.4M
Pennsylvania	\$1.1B	\$1.9B	11,646	\$694.0M	5,584	\$606.5M
Rhode Island	\$1.9M	\$3.6M	26	\$1.6M	13	\$1.2M



Supporting small & diverse businesses across the nation

	MEMBER PURCHASES	TOTAL OUTPUT	TOTAL JOBS	TOTAL WAGES	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
South Carolina	\$129.5M	\$231.0M	1,937	\$88.4M	1,119	\$83.7M
South Dakota	\$1.8M	\$2.9M	22	\$911K	13	\$939K
Tennessee	\$1.3B	\$2.2B	13,173	\$683.0M	6,718	\$661.4M
Texas	\$1.1B	\$2.2B	14,713	\$834.1M	7,159	\$642.6M
Utah	\$121.6M	\$255.5M	1,960	\$96.1M	913	\$84.5M
Vermont	\$12.9M	\$21.8M	143	\$7.0M	72	\$7.7M
Virginia	\$285.3M	\$507.9M	3,281	\$207.5M	1,630	\$155.2M
Washington	\$180.5M	\$282.0M	1,349	\$82.5M	703	\$74.4M
West Virginia	\$96.1M	\$154.3M	1,084	\$53.7M	584	\$54.0M
Wisconsin	\$512.8M	\$952.6M	6,916	\$333.5M	3,348	\$333.1M



Acknowledgements

EEI would like to extend special recognition to the following Economic Impact Study Committee members for their stellar contributions towards the success of this vital study:



Paul Buerkle
TVA



Valerie Coyazo
Eversource, Vice Chair



Mary Mayhew
Florida Power & Light
Company



Beth Walter
Southern Company



Byron Witherspoon
Ameren



Katlynn Woodruff
Ameren



Heather Wright
Vistra Corporation



Terri Oliva
EEI



LaVonne Rose
EEI



Jewel Smith
EEI



Appendix: Economic Impact Modeling

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spend, cycles through the economy in terms of “indirect and induced output,” or additional spend, personal income, and employment.

There are several Input-Output models used by economists to estimate multiplier effects. CVM employed the IMPLAN input-output model in developing estimates of spend, income and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

The Input-Output multipliers that are derived from a comprehensive and complex set of inputs based on the collection of business and employment data. Indirect impacts of economic activity in a targeted geographic area are calculated by applying multiplier coefficients to the direct impact spending. Since most of the businesses in the study are considered as local businesses, each supplier was assumed to have operations primarily in one state. These multipliers consider an amount of “leakage” from the state economy because some wages and expenditures will be spent outside of the state. The economic activity is calculated by state and these state-level results are aggregated to determine the national totals.

Analysis performed by



Assumptions

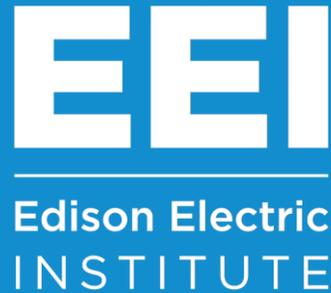
This analysis relies on the following assumptions:

1. For suppliers that have multiple locations, all impact is evaluated at the headquarters location. This may overestimate the impact in the headquarters state and underestimate the impact in other states.
2. For suppliers that provide services in multiple NAICS code, unless otherwise indicated, all impact is calculated using the supplier's primary NAICS code.
3. A supplier impact is assumed to be localized within a state.
4. The model predicts impact results based on industry averages and is an aggregate across all companies. The calculations cannot be applied to individual companies and may differ from actual jobs and incomes at specific companies.
5. For purposes of the study suppliers were counted in every diverse category for which they qualified.

References

This study is based on an analysis of data provided by the customer and information from the following sources

1. US Government Revenues: http://www.usgovernmentrevenue.com/total_2014USrt_17rs1n
2. IMPLAN (<https://implan.com>)
3. United States GDP: <http://www.tradingeconomics.com/united-states/gdp>
4. RIM II User Guide - A essential tool for regional developers and planners : https://www.bea.gov/sites/default/files/methodologies/RIMSII_User_Guide.pdf
5. Input-Output Models for Impact Analysis: Suggestions for Practitioners Using RIMS II Multipliers <https://www.bea.gov/system/files/papers/WP2012-3.pdf>



2019 SUPPLIER DIVERSITY ECONOMIC IMPACT STUDY

The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for about 220 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 65 international electric companies, with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.