



Utilities Diversity Report 2024

Pursuant to Minnesota Statutes § 216C.51, subd. 6

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Minnesota Department of Commerce

Mission

For more than 150 years, the Minnesota Department of Commerce and its predecessor agencies have served Minnesotans. Our mission is to protect and assist consumers, to ensure a strong, competitive, and fair marketplace, and to engage people and communities across the state.

Our Strategic Priorities

- Protect the public interest through consumer protection, consumer education, assistance to consumers, safety, health and financial security, and lowering inequities.
- Serve as a trusted public resource for consumers and businesses by listening and learning from the Minnesotans Commerce services, being effective stewards of public resources, advocating for Minnesota consumers and developing a policy, programmatic, and regulatory environment that meets their needs.
- Reduce economic barriers within Commerce regulatory oversight and reduce disparities within those of all races, ethnicities, religions, economic statuses, gender identities, sexual orientations, (dis)abilities, and zip codes.
- Ensure all, especially historically disadvantaged Minnesotans, are resilient to Minnesota's climate and engaged in advancing efforts to mitigate climate change.
- Ensure a strong, competitive, and fair marketplace for Minnesotans.

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Introduction

In 2023, the Minnesota Legislature required an Annual Diversity Report from each Public Utility. The reports are filed with the Commissioner of the Minnesota Department of Commerce (the Department) on March 15th of every year and are publicly available on e-dockets.¹ The first reports were filed in 2024.

This legislative report summarizes findings from the Annual Diversity Report. Included in this summary are:

- Summary statistics on diversity within utilities and contractors in 2023.
- Plans for diversity related initiatives in 2024 and the next year.

The Appendix summarizes the data collection method, data issues, and potential improvements to data collection for next year.

The Department hopes that this report provides legislators and others with needed information on the state of diversity within Minnesota's energy utility industry.

Background

Minnesota Statutes § 216C.51 requires annual reports from each Public Utility that describe the company's efforts to increase diversity in the workplace. Among the requirements, utilities must submit their current workforce representation numbers and actual procurement expenditures. Spending on procurement must be separately reported for female-owned, minority-owned, veteran-owned, and small business enterprises. Utilities must further explain their diversity goals for the next year and their plans to increase their goals in the future. Also required is an explanation of the barriers to achieving workforce and supplier diversity, actions that the Department can take to increase diversity, and a list of successful practices by the utilities. The last requirement of information on successful practices is stated to encourage other utilities to identify and emulate best practices within Minnesota's energy industry.

The following utilities are required to file an annual report on their workforce diversity and diversity efforts: CenterPoint (Natural Gas); Greater Minnesota Gas (Natural Gas); Great Plains (Natural Gas); Minnesota Energy Resources (MERC) (Natural Gas); Minnesota Power (Electricity); Otter Tail Power (Electricity); and Xcel Energy (Electricity and Natural Gas).

¹ The reports can be found by searching for Docket No. [24-101](#). See [MN DOC Efiling](#)

2024 Annual Diversity Report Findings

Current State of Workforce and Contractor Diversity

Overall, the workforce of Minnesota utilities are predominantly white and male. As of Spring 2024, utilities reported that their workforce were between roughly 82% and 98% white (Figure 2) and between roughly 61% and 89% male (Figure 3).

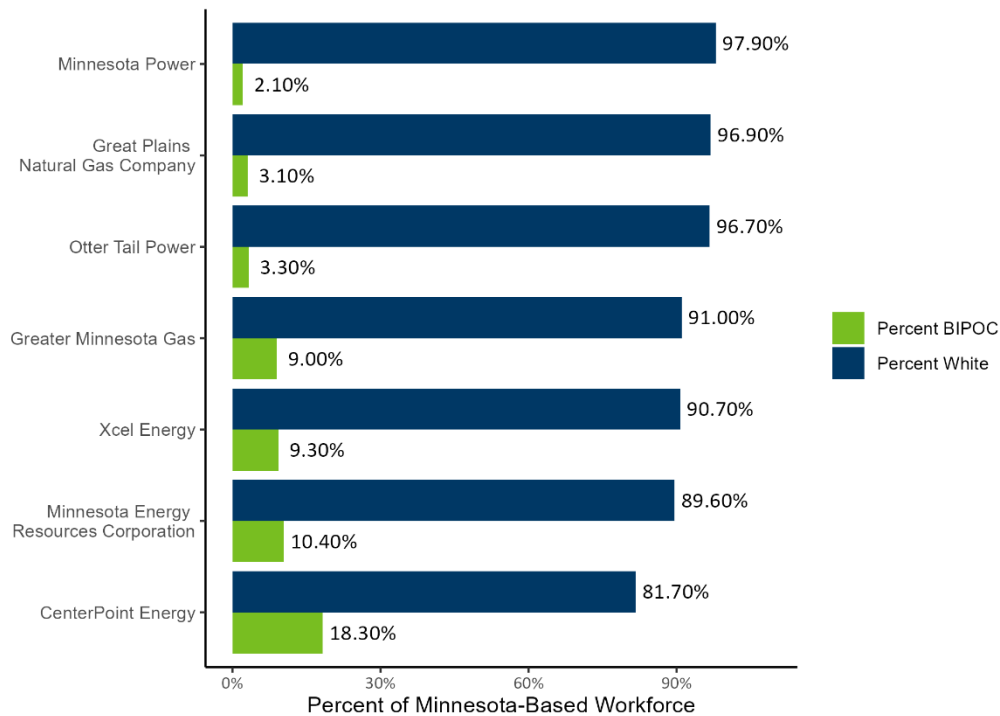


Figure 2: Racial Composition of Minnesota Utility Workers

Figure 2 shows the percentage of white and BIPOC workers at each utility. Minnesota Power reported the smallest share of BIPOC workers, with 2.10% of its workforce being reported as BIPOC, whereas CenterPoint Energy reported the highest share at 18.30%.

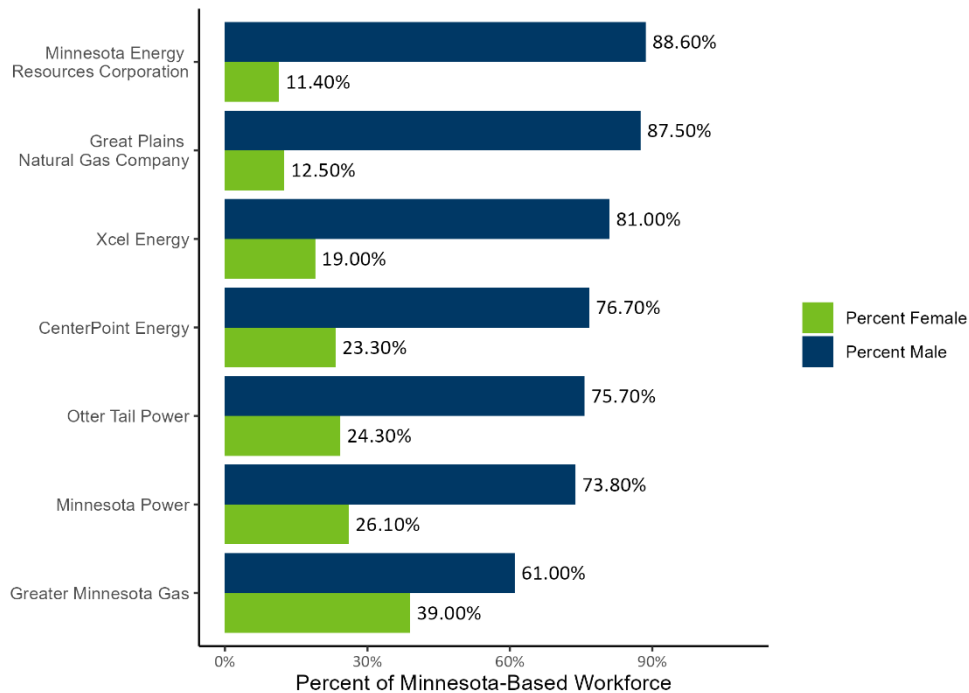


Figure 3: Gender Composition of Minnesota Utility Workforces

Figure 3 shows the gender composition of utility workforces. MERC reported the smallest share of women in its workforce at 11.40%. Greater Minnesota Gas reported the highest share of women in its workforce at 39.00%. Most utilities did not report having gender nonconforming employees.

Utility procurement spending has more variation, particularly with female-owned and minority-owned enterprises. MERC, for example, reported that 44.45% of procurement spending went towards female-owned enterprises (Figure 4) and 55.31% of procurement spending went towards minority-owned enterprises (Figure 5). Greater Minnesota Gas reported that roughly a third of their procurement spending went towards female-owned enterprises. The rest of the utilities, however, reported lower shares of procurement spending going towards minority-owned and female-owned enterprises.

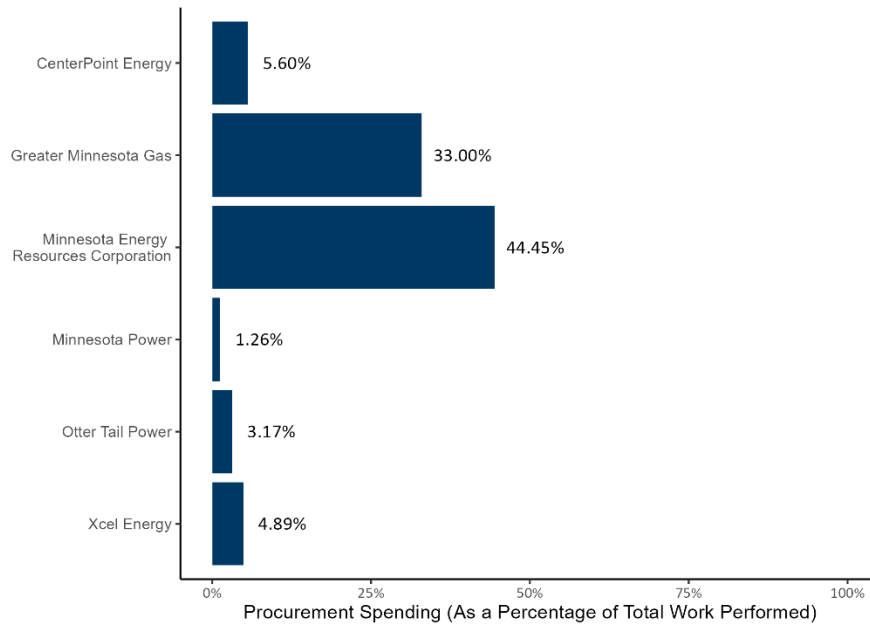


Figure 4: Utility Spending on Female-Owned Enterprises

Figure 4 shows the percentage of procurement spending (as a percentage of total work performed) on female-owned enterprises. Minnesota Power reported the lowest percentage of spending at 1.26% of its total procurement spending. MERC reported the highest percentage at 44.45% of its total procurement spending.

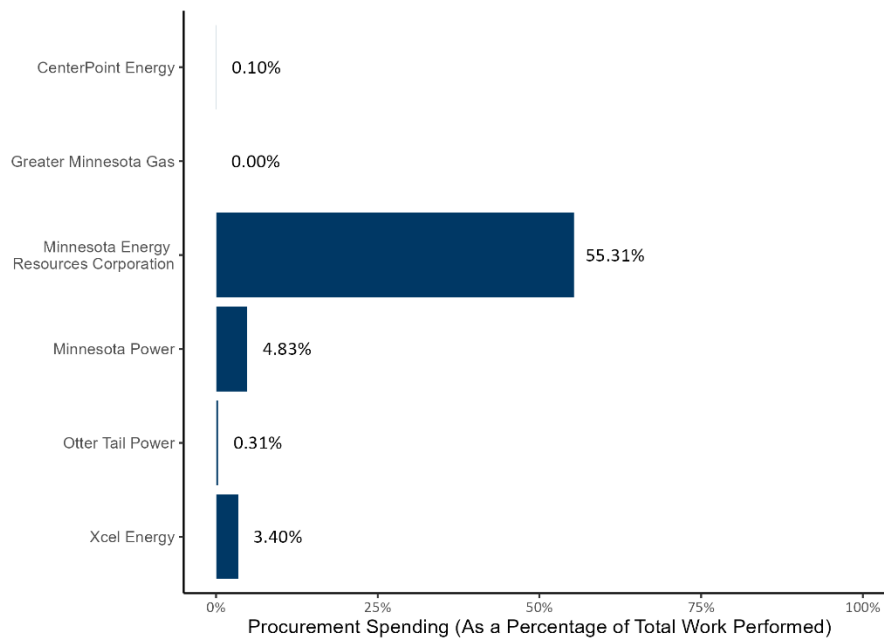


Figure 5: Utility Spending on Minority-Owned Enterprises

Figure 5 shows the percentage of procurement spending (as a percentage of total work performed) on minority-owned enterprises. Greater Minnesota Gas reported the lowest percentage of spending at 0% of its total procurement spending. MERC reported the highest percentage at 55.31% of its total procurement spending.

Small businesses overall made up a smaller share of total procurement spending, with Xcel Energy reporting the highest share of spending at roughly 14%, with Minnesota Power close behind at roughly 11% (Figure 6). Veteran-owned businesses made up the smallest share of utility procurement spending, with no utilities reporting more than 1% of total procurement spending going towards veteran-owned businesses (Figure 7).

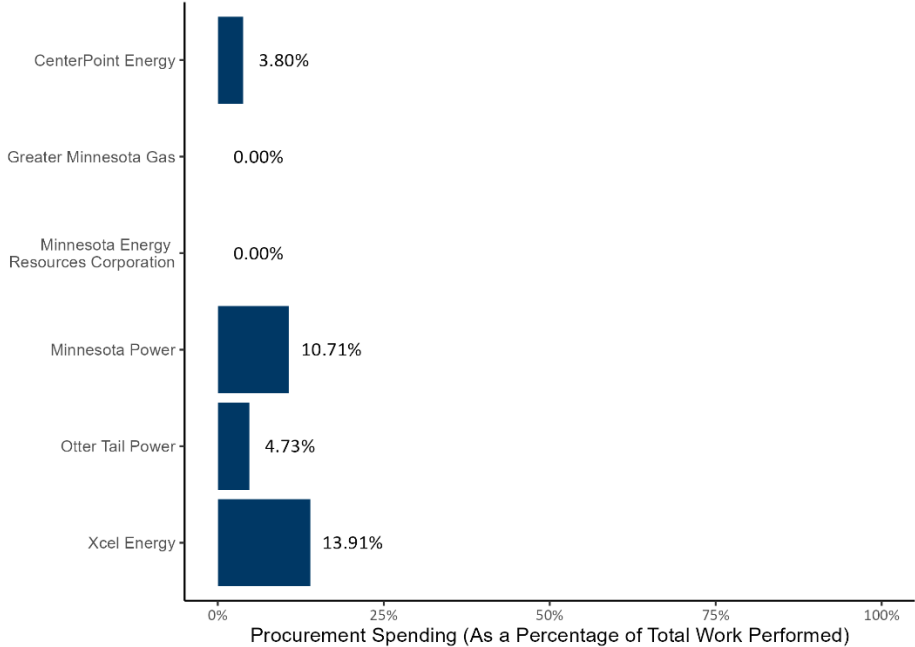


Figure 6: Utility Spending on Small Businesses

Figure 6 shows the percentage of procurement spending (as a percentage of total work performed) on small businesses. Greater Minnesota Gas and MERC both reported 0% of their procurement spending going towards small businesses. Xcel Energy reported the highest share of procurement spending on small businesses at 13.91%.

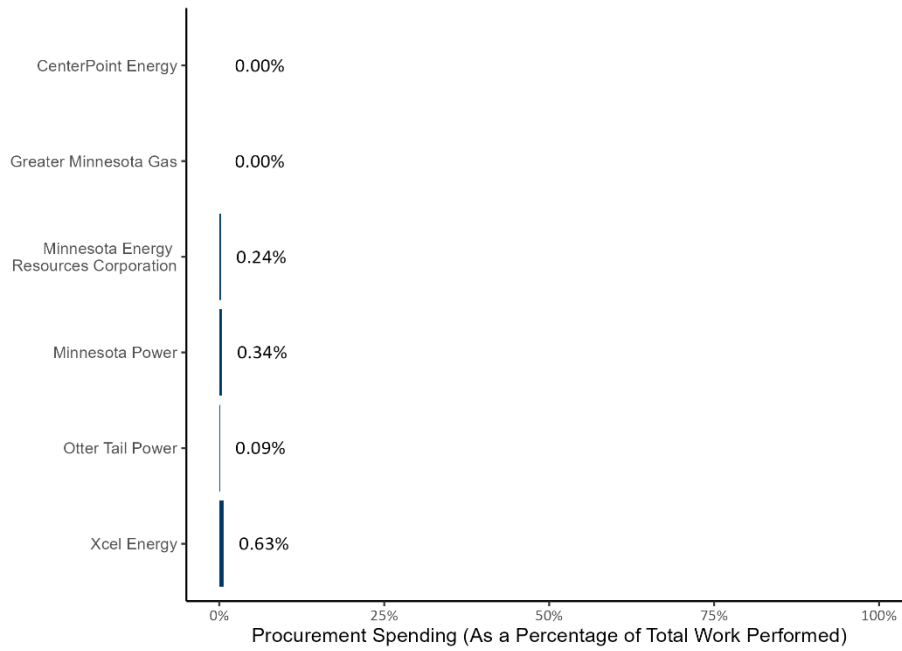


Figure 7: Utility Spending on Veteran-Owned Enterprises

Figure 7 shows the percentage of procurement spending (as a percentage of total work performed) on veteran-owned enterprises. Xcel Energy reported the highest share of procurement spending at .63% on veteran-owned enterprises.

Goals, Barriers and Successful Practices to Increase Diversity

Minnesota Statutes § 216C.51 requires the reporting of administrative procedures to achieve greater diversity.² Among the report items are requirements for utilities to list their goals, describe barriers to achievement of those goals and to pass on some of its most successful practices. Over time, utilities may learn from the successes of others, adopt those practices and in turn become able to increase their goals.

To gather the information for the 2024 diversity report, the Department asks narrative questions for further context on workforce diversity efforts by the surveyed utilities. A total of eight questions are drawn from Minnesota Statutes § 216C.51. The open-ended questions derived from the statute give utilities an opportunity to better describe their efforts to improve workforce diversity.

Overall, almost all utilities document investments in workforce diversity in the 2024 reports. The current state of formalized programs discussed in the reports vary, but the utilities generally recognize the value in having diversity programs. For example, Xcel Energy reports formal quantitative goals, while others only report qualitative goals. The utilities also recognize barriers, such as a lack of diversity in remote areas and difficulties in finding skilled labor. To help overcome the barriers, the utilities report best practices and other activities to increase diversity. Also, some utilities suggest ways that Minnesota's Department of Commerce might assist in utility efforts.

Utility Investments in Workforce and Supplier Diversity

In examining the narratives, all the utilities with larger populations, and subsequently more persons available to work have invested in workforce diversity. Their summary statements often note the value of diversity and highlight considerations to fostering a diverse, equitable, and inclusive (DEI) environment which are cited elsewhere in journal articles and government reports.³

- MERC notes that a DEI environment helps attract more applicants because employees prefer to work at a company that makes them feel included and one that fosters equal opportunity among its employees.
- Minnesota Power states that a DEI environment benefits their company because diverse experiences and perspectives can drive innovation, creativity, and ultimately organizational success.
- Xcel Energy notes that a DEI approach with the communities it serves helps preserve social sustainability.

² Subdivision 1 of *Minn. Stat.* 216C.51 states "It is the public policy of this state to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers."

³ For example, see Hirasuna, D. Thilmany, D., Muhammad, A., Fields, D., and Stefanou, S., "Perspectives on Diversity, Equity, and Inclusion in the Agricultural and Applied Economics Profession", Applied Economics Teaching Resources, 2023, with Dawn Thilmany, Andrew Muhammad, Deacue Fields, and Spiro Stefanou.

- Otter Tail Power recognizes and addresses non-market barriers that can hamper workforce and supplier diversity. However, Otter Tail Power emphasizes that overcoming barriers does not imply that the company will impose quotas. Instead of hiring quotas, Otter Tail Power emphasizes that the company is committed to hiring the most qualified candidate.

Ongoing Development of Goals

To foster diversity, the utilities report a mixture of quantitative and qualitative goals. These goals are in addition to the actual employment and procurement spending figures listed above. Each utility is asked to report their plans to increase their goals for their workforce and for their procurement from diverse suppliers. Utilities were required to report their current goals for workforce diversity and to report both their current and future goals for diversity in suppliers.

Most utilities currently report qualitative, less formalized goals, instead of quantitative targets. For example, to achieve diversity in its workforce, Great Plains Natural Gas plans to increase its goals for outreach to diverse groups. Great Plains Natural Gas also has a goal to build a database for quantitative data on procurements from diverse suppliers.

Xcel Energy incorporates both qualitative and quantitative goals. Among Xcel Energy's goals for procurements is to reach 25% of its spending on diverse suppliers across all small- and diverse-owned enterprises, inclusive of female-owned suppliers. As part of their future goals, Xcel Energy plans to continue work with advocacy organizations that assist with identifying diverse businesses and to continue to partner with several of these organizations.

Barriers to Achieving Current Goals

As Otter Tail Power notes, knowing the barriers to diversity can help to design a set of actions to overcome the barriers and achieve its goals. The reports do cite some commonalities.

- All the utilities mention challenges to finding skilled, qualified persons with diverse backgrounds. The scarcity makes it more difficult to fill open positions and to procure needed services.
- Five utilities that provide services in rural areas note difficulty in finding racially or ethnically diverse workers and suppliers. Greater Minnesota Gas, Great Plains, MERC, Minnesota Power, and Otter Tail Power all note challenges due to a lack of racial or ethnic diversity within their region.

In general, diversity varies across rural Minnesota. Much of the state is predominantly white. However, American Indian tribal lands comprise some of the rural area, and somewhat higher percentages of individuals who identify as Hispanic reside in a small number of rural Minnesota counties. For example, 42.9% of the population in Nobles County identify as Hispanic or Latino, as estimated by the American Community Survey

over the 2018-2022 period. In addition, Minnesota includes 11 tribal reservations and communities, which are located throughout the state.⁴

Not all barriers encountered by the utilities fit within these two categories. Utilities note other barriers, such as a lack of awareness about energy jobs, regulations that require utilities to select the contractor with the lowest bid, and a decline in the employment-aged populations in some rural Minnesota counties due to outmigration and aging of the workforce.

Actions Meant to Overcome the Barriers

Minnesota Statutes § 216C.51 requires utilities to provide a list of actions undertaken to increase workplace and supplier diversity. Each utility listed many practices, which resulted in too many to list here.⁵ Instead, a summary of the types of practices, with a few examples are as follows.

- Workforce Development
 - Ensuring DEI in the hiring process—e.g., Xcel Energy tries to ensure that the interview panel is diverse.
 - Employee Resource Groups—MERC sponsors participation in the Women’s Development Network, Military Service Members Association, Management Development Network, and Next Generation Network. MERC also sponsors a mentoring program for women.
 - CenterPoint tries to ensure diversity by posting their jobs to a variety of sites.
 - Outreach to Establish a workforce Pipeline—MERC works with a variety of organizations, including North Central Minority Supplier Development Council, Minnesota Tribal Contractor’s Council, Minnesota Department of Administration APEX Accelerator, and Entrepreneur Fund’s Women’s Business Alliance. MERC also attends recruitment events and career fairs.
 - Training—Otter Tail Power conducted a company-wide Respectful Workplace/Inclusive Leadership Awareness Education Series.

- Supplier Diversity
 - Cultivate relationships—MERC works with advocacy organizations that develop suppliers.
 - Learn from others—Minnesota Power continues to learn from other utilities’ best practices.
 - Contract Language—Xcel Energy uses contract language to enhance diversity among non-diverse suppliers.

⁴ Greater Minnesota Gas states that because it is a small company of only 30 employees that rarely experiences any turnover, and because it provides service in rural counties, they have not yet developed a diversity plan. More information about tribal reservations and communities is on the State’s webpage on [Minnesota Tribes](#).

⁵ The lists of practices can be found with each utility’s workforce diversity reports within the Public Utility Commission’s publicly accessible dataset, called e-dockets. With a user ID and password, the reports can be found by searching for Docket No. [24-101](#). See [MN DOC Efiling](#)

In addition to the practices above, utilities secure a variety of different certificates that can help ensure the quality of their efforts in DEI. For example, Minnesota Power is a Beyond the Yellow Ribbon company. The Beyond the Yellow program was created by the National Guard to recognize companies' support of deployed and returning service members. Please refer to the individual utility filings for a listing of other certificates.⁶

Opportunities

Several utilities provided suggestions for Minnesota's Department of Commerce to help identify diverse suppliers.

- Minnesota Power suggests creating a single database that lists small and diverse suppliers. The company states that currently at least three different directories exist for diverse and small businesses:
 - The Office of State Procurement
 - Small Business Certification Program
 - Minnesota Unified Certification Program
- MERC suggests that Commerce assist in informing diverse populations about the energy industry and career opportunities within the field.
- CenterPoint notes that Minnesota's Department of Commerce could identify utility suppliers, then host an annual expo event that utilities can attend.

Another opportunity for the Department is continued facilitation of the Inflation Reduction Act, and other sources of federal dollars. The Inflation Reduction Act includes incentives for renewable energy systems for rural areas and tribal lands. The White House states that "the Inflation Reduction Act's historic investments in clean energy will create tremendous opportunities for small businesses, including minority- and women-owned businesses, to build wealth and create family-sustaining jobs."⁷

⁶ The list can be found with each utility's workforce diversity reports within the Public Utility Commission's publicly accessible dataset, called eDockets. With a user ID and password, the reports can be found by searching for Docket No. [24-101](#). See [MN DOC Efiling](#)

⁷ See "[Building a Clean Energy Economy](#)," JANUARY 2023, VERSION 2.

Appendix

Data Collection

To standardize the collection process, the Department developed two reporting templates to collect data on workforce representation, procurement spending, and utility plans to further diversify their workforce. The Department also developed a set of filing instructions to clarify how data should be submitted and to define the data points that were collected.

The first data collection template focused on gathering workforce representation figures as well as procurement spending from utilities. The workforce representation section of the template collected race and ethnicity information, as well as gender representation.

The utilities were asked to report race and ethnicity data using the following definitions⁸:

- American Indian or Alaska Native - a person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- Asian - A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- Black or African American - A person having origins in any of the black racial groups of Africa.
- Native Hawaiian or Other Pacific Islander - A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- White - A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.
- Two or More Races.
- Some Other Race.

Separately, utilities were asked to report numbers on workers who identify as ethnically Hispanic or Latino using the definition below⁹:

- Hispanic or Latino - A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

⁸ Race categories are derived from U.S. Census Bureau Definitions. See <https://census.gov/quickfacts/fact/note/US/RHI625222>

⁹ Hispanic or Latino Origin is consistent with the U.S. Census Bureau's Definition. See <https://www.census.gov/acs/www/about/why-we-ask-each-question/ethnicity/#:~:text=OMB%20requires%20federal%20agencies%20to,or%20origin%20regardless%20of%20race.>

For gender representation, utilities were asked to provide the number and percentage of employees who self-identify in one of the following gender categories:

- Male
- Female
- Gender Nonconforming

Utilities were asked to report both employees that are employed in Minnesota as well as employees who are employed outside of Minnesota but primarily work on Minnesota-related projects for all the categories listed above.

Regarding procurement spending, utilities were asked to submit actual spending as a percentage of total work performed for female-owned, minority-owned, veteran-owned, and small business enterprises, as well as the utility's goal for spending for these enterprises.

For the purposes of this report, the Department provided the following definitions, which were derived from the Minnesota Department of Administration's Economically Disadvantaged Small Business Procurement Program:

- Female-Owned Enterprise – A business that is at least 51% owned by a woman or a group of women. The business must be operated and controlled on a day-to-day as well as long-term basis by the qualifying owner.
- Minority-Owned Enterprise – A business that is at least 51% owned by a member of a racial minority or a group of racial minority members. The business must be operated and controlled on a day-to-day as well as long-term basis by the qualifying owner. "Minority group member" means a United States citizen who is Asian, Pacific Islander, Black, Hispanic, or Native American.
- Veteran-Owned Enterprise – A business that is at least 51% owned by a veteran or a group of veterans. The business must be operated and controlled on a day-to-day as well as long-term basis by the qualifying owner. Veteran is defined in Minnesota Statute § 197.447.
- Small Business Enterprises – Please use the Minnesota Department of Administration's tool to determine whether a business qualifies as a small business. The definition of "small business" varies by industry.

The second data collection template adapted the report elements in Minnesota Statutes § 216C.51 into open ended questions. Department staff compiled responses to these questions and included key takeaways from the responses in this report.

Commerce staff reviewed data submissions and adjusted the raw data (e.g. removing non-numerical characters from numerical fields) as needed in order to compile and analyze the data. Upon inspection, a few data quality issues became apparent.

Missing Data

To provide an understanding of utility procurement spending, Commerce requested total spending data as well as spending data broken out by spending on generation, transmission, distribution, construction, and all other expenses. In this first year of reporting, some utilities were unable to provide data at this level of detail. For example, CenterPoint Energy wrote that they currently do not have “the capability to break out the spend by the different operations and maintenance (“O&M”) expense categories. This is something we are working on and plan to have available for the next iteration of the annual Utility Diversity Reporting filing.” Great Plains Natural Gas reported that they did not collect any data on procurement spending during the 2023 calendar year.

Other utilities had not yet determined spending and procurement goals, and therefore indicated that these goals did not exist yet or were yet to be determined. For example, both Greater Minnesota Gas and Otter Tail Power indicated that they did not have set procurement diversity goals as of this filing.

Standardization of Categories

Commerce instructed utilities to report Hispanic/Latino ethnicity separately from the race categories to be more consistent with how these data are collected by the U.S. Census Bureau. However, several utilities submitted data where all race category fields and the Hispanic/Latino ethnicity field summed to 100 percent, indicating that certain utilities may be reporting Hispanic/Latino identity as a race as opposed to an ethnicity.

Minnesota Power also indicated that many of their employees do not voluntarily report their own race or ethnicity. As a result, Minnesota Power wrote that “[t]o be consistent with other federal and state reports that do not have an option to report 'choose not to self-identify', Minnesota Power reports these employees as 'White' and have done the same with this filing.”

Further Considerations for Next Year’s Data

Utilities offered several suggestions to improve the reports.

- Better definitions for terms, such as work performed.
- Adjustments and inclusion of more variables, such as categories for the disabled, and Lesbian, Gay, Bisexual, Trans, and Queer (LGBTQ) suppliers.
- More detailed directions, including equations for calculating different reporting items.

Even though some utilities are working on their databases for reporting, some utilities do not estimate certain data points. For example, Xcel Energy did not report dollar goals for procurement, but instead reported a goal as a percentage of total procurement spending. They note that this will depend upon factors such as the previous

year's actual spending on diversity compared to budgeted dollars, and Xcel Energy's annual budget. Also, Greater Minnesota Gas reported they have little opportunity to increase diversity, because they rarely hire new employees and have no procurement spending. In developing changes for the next year, some utilities suggest that we work with them to identify and resolve the issues.