

Duke Energy Changes Aimed at Increasing Minority Contractors

Duke Energy Corp. is making changes that could make it easier for black, female and other minority-owned construction and hauling firms to compete for work on its multibillion-dollar project to excavate and close coal-ash storage pits.

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RALEIGH, N.C. (AP) — One of the largest U.S. electricity companies is making changes that could make it easier for black, female and other minority-owned construction and hauling firms to compete for work on its multibillion-dollar project to excavate and close coal-ash storage pits.

Under pressure from its state regulator, Duke Energy Corp. announced last week that it is doubling the weight it places on awarding work to diverse and local suppliers. That will still account for just 20 percent of the evaluation, with the bulk of the award decision based on technical and commercial measures.

The move comes after its top 10 contractors owned by women, veterans or minorities landed only about 1 percent of the more than \$1.1 billion the Charlotte-based utility spent on fixing its coal-ash problems in [North Carolina](#) between 2014 and last September. The only black-owned contractor landed at No. 10 with contracts valued at \$214,000, the utility said in a regulatory filing.

The share of coal-ash work Duke Energy reported awarding minorities, women and veterans is much lower than goals set by the federal and some state governments.

The company has estimated it will spend more than \$5 billion to clean up coal-ash pits at 14 North Carolina power plants and it wants to pass the entire price tag to consumers through higher electricity bills. Roughly 400 companies landed Duke Energy's coal-ash work, with many of the largest based outside North Carolina.

Coal ash is the residue left after decades of burning coal to generate power. It can contain toxic materials including mercury, arsenic and chromium.

After a 2014 coal-ash spill from a Duke Energy plant coated the Dan River, legislators passed state laws requiring the company to close all its ash ponds by 2029. That's being done either by excavating the waste and burying it in new holes lined to prevent groundwater contamination, or by drying out the liquefied ash and covering pits with a shell that blocks water from filtering down.

Jesse Callis said one thing that would help minority contractors like him compete for Duke Energy's coal-ash contracts would be simply knowing what the company needs to have done.

"There has not been an outreach," said Callis, who started Callis Contractors Inc. in Durham 21 years ago. "We didn't know about it."

His company lacks all the trucks and equipment Callis expects he would need to fulfill a contract, but he said that could be ramped up rapidly. The general contractor's 13 full-time employees are supplemented with subcontractors Callis said he's long relied on to complete construction projects for hospitals, universities and governments.

"Most of our work has been more complex than moving coal ash," Callis said. "It's not rocket-science work."

Federal government agencies shoot for awarding 23 percent of prime contracts to small businesses, with specific, included targets of 5 percent for companies owned by women, 3 percent for disabled veterans and 5 percent for small "disadvantaged" businesses.

North Carolina's goal is awarding 10 percent of building construction projects to companies owned by minorities, women and other targeted groups. Actual spending has ranged from 18 percent to 30 percent over the past five years, according to state figures.

But U.S. electric utilities don't have guidelines for awarding construction contracts to targeted groups, said Kristin Rudman, a spokeswoman for the Edison Electric Institute, a trade group. The organization last summer gave Duke Energy an award for excellence for its efforts to increase diversity in its purchasing.

Since ratepayers are ultimately going to pay, the company has a responsibility to ensure its suppliers offer competitive prices and have the size and experience to perform the work, Duke Energy spokesman Jeff Brooks said.

"We are proud of the work we have done to increase supplier diversity and encourage participation by local contractors in our company," Brooks said in an email. "But despite the progress we have made in growing diversity among suppliers, we want to do more and continue to improve that process. We are always looking for opportunities to educate interested groups and encourage more participation from diverse suppliers in the bidding process across all of the states we serve."

The head of a nonprofit that pushes companies to increase supplier diversity said Duke Energy could improve by including contract provisions requiring major contractors to turn around and spend a fixed amount with minority-owned businesses.

"We have to say, 'OK, we have to be more aggressive,'" said Farad Ali, president of the North Carolina Institute of Minority Economic Development. "Because if I give this contract

to D-E-F company, and they say that they're going to do 20 percent with diverse businesses, let's make sure they get that 20 percent."