

10/22/09 - Little Hoover Commission Submission

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I. Introduction

Distinguished members of the Commission, my name is Mike Bushey. I am the Manager of Economic Development Services for the Southern California Edison Company (SCE) and the President of the Executive Committee of TeamCalifornia, an independent economic development organization not affiliated with Southern California Edison. I am submitting testimony at the request of this distinguished commission for each role. I and others with TeamCalifornia have prepared separate comments to address the questions directed to TeamCalifornia. For the purpose of the following testimony, it is offered in my capacity as an employee of SCE.

II. SCE's Economic Development Activities

SCE is an investor-owned electric utility serving a 50,000 square mile service territory that serves a population of over 13 million. SCE has been in business for over 100 years. It is a regulated subsidiary of Edison International, and the majority of our business is regulated by the California Public Utilities Commission.

The primary purpose of the SCE's Economic Development Services (EDS) team is to support the regional economy and create benefit for SCE's customers. I have a dedicated team of 17 employees who support EDS's strategic focus of retaining and expanding at-risk businesses, attracting businesses in growth industries, providing leadership on initiatives strengthening California's business infrastructure, and advancing key existing and emerging industries. SCE is involved in economic development because we believe there is a direct link between a healthy economy, low unemployment, and high-paying jobs and cost effective and reliable electric service. In many cases, our work requires coordination and partnering with city and

county economic developers, regional economic development corporations, and statewide organizations such as the California Association for Local Economic Development (CALED) and TeamCalifornia, to identify and assist in the retention and expansion of at-risk businesses. In addition, we collectively support efforts to attract new business in growth industries to replace the recorded net losses of manufacturing facilities due to closure or migration.

In the past year, most of our work has been related to business retention. This is primarily due to aggressive out-of-state competition coupled with California's high cost of doing business and the world-wide business climate. Moreover, other states and utilities deploy increasingly state-of-the-art practices to attract and lure California businesses. They use tools like maintaining an enhanced web presence, using Geographic Information System (GIS) toolsets, establishing site certification programs, and offering incentives and other related services.

To counter these practices, EDS continually identifies new program tools for our use, and seeks opportunities to leverage existing programs to retain, attract, or expand jobs in California. In many cases, SCE partners with regional resources such as city and county economic developers, Workforce Investment Boards, TeamCalifornia, the California Association for Local Economic Development (CALED), and in some instances representatives from Governor's office in the Business, Transportation, and Housing Agency (BTH) to leverage all available tools and programs.

We also have partnerships to connect businesses with regional resources and incentives. One partnership is with the California Manufacturing Technology Consultants, which brings Value and Energy Stream Mapping (VeSM) to industrial businesses. VeSM is a tool that develops and institutes processes to help businesses reduce production costs and lead times while reducing energy consumption.

Our team helps existing and potential customers match businesses with available

buildings and industrial sites. We collaborate with local cities and economic development corporations to provide the necessary information and resources to enhance the site selection process. SCE invested in a web-based GIS application, which allows for the region to benefit from a web presence for site selection. This GIS Toolset provides existing customers considering an expansion or relocation and potential customers considering doing business in the southern California region, the opportunity to view available buildings and locations via the web. These same tools are being used in other parts of the county by utilities and out-of-state economic developers to lure California businesses away. Our toolset gives SCE and our regional economic partners a useful tool to counter there efforts.

Another recent tool that SCE piloted was “shovel-ready” site Certification Program. This pilot program existed in 2007 and 2008 to showcase vacant land parcels that had been certified by third party consultants to be “shovel-ready” for development. SCE worked with engineering and development firms to certify that sites had the necessary infrastructure and permitting to be ready for construction of new facilities to serve the incoming company’s business needs. Through the pilot program, SCE produced two shovel-ready sites in our service territory. In late 2008, SCE discontinued this pilot following discussions with the Business, Transportation, and Housing Agency. SCE partnered with the state by providing our program information and framework to them. We made this choice because the state could better utilize the shovel-ready concept at a statewide level, versus our limited budget and resources to expand the pilot program in our region.

III. Recommendations

I’d like to thank the Little Hoover Commission for deciding to review and determine how the state can play a role in the business of economic development. SCE is hopeful that through the discussions before this commission, and through the continued collaboration of local and regional economic developers, California’s Investor-Owned Utilities, and organizations such as CALED and TeamCalifornia, the state will understand the importance and value of a statewide economic

development strategy. Economic development stakeholders may then collectively identify key initiatives and resources to keep jobs in California and ensure sustainable job growth in the short and long term.