INSTRUCTIONS FOR INITIAL CERTIFICATION

* PLEASE READ BEFORE YOU FILL OUT THE APPLICATION *

The numbers refer to the **sections of** the 10-page application form. This explanation is intended to guide you though items about which applicants have frequently had questions. **Please read** all of the following carefully, **and follow the instructions**. Answer completely and carefully – the few minutes extra that it takes will save you time, because we will come back to you if there are omissions or inconsistencies, unavoidably delaying the processing of your application.

WE DO NOT WORK FROM PARTIAL APPLICATIONS. UNTIL WE RECEIVE ALL THE REQUIRED DOCUMENTS, YOUR APPLICATION WILL EITHER SIT ON THE SHELF OR WILL BE RETURNED TO YOU AS INCOMPLETE.

Note that we certify only existing and operating businesses. A business can be new, but we cannot certify you before the business is organized based on what you expect to do, if business is not actively being conducted and if there's not sufficient information about the firm to make a determination

Also, we only certify Minority and/or Women owned businesses. Our contract does not include the certification of Disabled Veteran Businesses. That is done by the California Department of General Services. What may be confusing is that the CPUC, as a courtesy to the DGS, has added (California-based) Disabled Veteran Businesses to the database on their website.

IF ANY QUESTION ON THE APPLICATION DOES NOT SEEM TO FIT YOUR BUSINESS OPERATION DON'T JUST SKIP IT. GIVE US A BRIEF EXPLANATION IN WRITING OR STATE THAT IT DOES NOT APPLY TO YOUR BUSINESS OPERATION.

Once an application has been accepted an 8-digit number will be assigned to your file. This number is called the Verification Order Number (VON). This number will act as identification (means) for your business.

If the Clearinghouse has previously certified you and the company's ownership or business structure has not changed, DO NOT use this form. Ask us for the (much simpler) **re-**verification application form (RAP).

Finally, remember that the burden of proof is on you to satisfy us that your company qualifies as a WMBE.

Listed below are answers to most frequently asked questions with respect to the numbered items listed on the application:

1. **COMPARABLE AGENCY VERIFICATION**:

Are you certified by one of the agencies on the list? If so, you will still need to complete the entire application including the signatures and notarization but do not have to submit the requested documents listed on page 10. Include a copy of your comparable agency verification certificate and send them back to the Clearinghouse. In Comparable Agency Verification (CAV), we may certify you without asking for any other proof of eligibility. There are important restrictions: we accept certificates from **ONLY** the listed agencies, and the certificates **MUST BE CURRENTLY VALID**. If we certify you using another agency's certificate, **WE WILL <u>NOT</u> <u>CERTIFY YOU BEYOND THAT AGENCY'S EXPIRATION DATE</u>**. Also, your firm **MUST** appear on that certificate as a **Woman and/or Minority Disadvantaged (DBE)** business . If you are certified as a disadvantaged business only, we may ask you for proof of ethnicity or gender. Certificates showing you only as a "small" or "local" business are not acceptable by the Clearinghouse. If we are uncertain as to the validityof the other agency's verification,we may require full documentation.

Effective February 26, 2004, the California Public Utility Commission (CPUC) has given permission to the Clearinghouse to refrain from automatic acceptance of a first-time CAV application or renewal if there is reason to believe the CAV may not meet Clearinghouse standards. In that case, the Clearinghouse will request further documentation and may conduct a site visit or extensive interview before making a recommendation to the CPUC, which has the final say on verification or denial.

Using another Agency's certificate has advantages and disadvantages: if you already have one, it eliminates some of the duplicate work in preparing the application, but it usually isn't valid for as long as the three years we give you. Also, there can be a problem at re-certification if the other agency is backlogged and is unable to re-certify you by the time your old certificate expires since the Clearinghouse does not give any kind of extension on this type of verification. It can be a particular annoyance if the other agency issues only short-term extensions, as you will need to give us a copy of each in order to keep your certification current. *Note to SBA (8) (a) firms: we will certify you for a maximum of 3 years at a time, so you may need to apply for recertification while your SBA status is still valid.*

If you are certified only by an agency that is **not** on our list, you should include a copy of their certificate anyway. It will not be sufficient for certification, but we will consider it as an additional piece of evidence in support of your application. In such a case, you **will** need to submit all the documents on page 10.

2. **<u>BUSINESS IDENTIFICATION</u>**:

If your company does business under another name, tell us the way that you wish it to be listed on the verification certificate (i.e. Smith Incorporated d.b.a. Fearless Leaders).

Status being applied for:

MBE is Minority Business Enterprise
WBE is Woman (non-minority) Business Enterprise
WMBE is Woman *and* Minority Business Enterprise
(owned and controlled by a minority woman or women)
(We may assign you to a different status if it seems appropriate.)

Please be sure to include ZIP codes, and both e-mail and web page addresses, if any. And, please be specific with the most appropriate contact person should the Clearinghouse have questions about the application. Regarding the owner/officer, list the principal owner or highest-ranking officer. It need not be the same as the contact person.

3. **BUSINESS SPECIALTY**:

This item should be descriptive (not an advertisement; we are not evaluating your professional qualifications). USE KEYWORDS, as the utilities often do a search on them. If you do more than one thing, list the most important one first. **Space is limited in the database for this description so please describe wisely.**

SIC codes (a problem for many people). See the enclosed list. A full listing of SIC codes may also be obtained from the U.S. Department of Labor Internet Web site at **http://www.osha.gov/oshstats/sicser.html** or you may call the Clearinghouse for assistance**.**

The SIC codes do not always reflect the structure of industry in the 21st century, and many specialized occupations will have to be included in larger categories that do not adequately describe your particular product or service. Note that codes from 2000 to 3999 are for manufacturers only, **not dealers**. Do not use the 9000 series (except 9999), as those numbers are reserved for government agencies. **Enter the most important code first**, and put down only as many codes as apply. You don't have to fill all the boxes.

SIC codes have only 4 digits. The new NAICS codes, as required on 1999 and later income tax forms, have up to 6 digits. If you know your NAICS code, include it and label it as NAICS. We can match it to the SIC.

If you can't find an appropriate code, call the Clearinghouse or leave it blank and we will assign one, using the description of your business specialty. The SIC code only helps customers find you; it does not affect your chances for certification.

5. **OWNERSHIP TYPE**:

Date established: the date of establishment of your business in its current form. However, if you started in a different form and then changed (e.g. incorporated a proprietorship or partnership), include on a separate page a very brief description of the prior structure. Other miscellaneous comments can go on the same page.

6. **LICENSE AND IDENTIFICATION NUMBERS**:

If you do not have some of these, just leave them blank. For a professional or contractor's license, give the name of the *person* qualifying for the license as well as the license number and state or city that issued it. Bonding applies primarily to construction contractors.

We want to know your annual gross sales. If you are a new business, give us your best estimate. If you have just incorporated or made some other change in the structure of an existing business, give us the previous year's revenues for the old business, with an explanation.

"Employees" are anyone on the payroll who receives a W2 statement or has FICA deductions and are not the proprietor or partners if they receive draws rather than payroll. However, if you are a temporary personnel placement agency, show only the number of your regular office staff, not all the temporaries (who may receive 1099 statements instead of W2s).

10. **BUSINESS OWNERS, OFFICERS, AND KEY PERSONNEL**:

List **ALL** owners of more than 5% of the company, even if there is only one. The first one should be the person named as "Owner/Officer" on the last line of Section 2. List **ALL** Directors and **ALL** Officers if it is a corporation. For each person, give titles (example stockholder, director, president). If the same person is owner, director, and officer, all the titles can go on the same line. Use a separate sheet if necessary. If ownership is through a trust or holding company, indicate so and give a complete explanation. Percentage of stock ownership is based ONLY upon outstanding stock,NOT including any authorized stock that is not issued and the total should add to 100%

If your business is owned by a trust, we need to know the names, citizenship status, ethnicity, and gender of both the trustees and the beneficiaries. If another corporation or partnership owns it, that business must be certified as well. If your business is only partially owned (less than 49%) by a trust or other business, the analyst will determine whether or not we need documentation of that type, so you should be prepared to furnish it if asked.

If you or other key personnel appear in the documents by different names such as middle names, English names, or married names, tell us the details.

QUESTIONS 12-15:

ANSWER CAREFULLY! List ALL other business relationships, past and present. Give details of the business relationship, if any, between your business and any other currently existing businesses listed in this section. If you answer "yes" to any of the questions we need an explanation, either in section 16 or separately (in the latter case, make a note of it in Section 16). The other business relationships need not be in the same industry. If unsure, please explain anyway. Failure to disclose ANY business relationship may result in a rejection of an application

PAGES 6 AND 7:

Participation Agreement: PLEASE READ BEFORE SIGNING. By signing, you are agreeing to all the statements and terms on those pages**. IN PARTICULAR, YOU STATE THAT ALL INFORMATION IS TRUE AND ACCURATE, AND THAT YOU AGREE TO FURNISH ANY ADDITIONAL DOCUMENTATION THAT WE REQUEST. YOU FURTHER ACKNOWLEDGE THAT FAILURE TO COOPERATE MAY LEAD TO REJECTION OR DENIAL.**

Please be assured there are specific reasons for any document that we request. All documents with the application are kept strictly confidential and are maintained in a secure facility that is accessible only to Clearinghouse personnel and to the California Public Utility Commission.

PAGE 9

Affidavit: This must be signed and notarized, and the **ORIGINAL** of the application returned to us with original signatures. **WE DO NOT ACCEPT A PHOTOCOPY OR A FAX OF THE APPLICATION** (You may fax supplementary documents if we ask for them later.)

PAGE 10:

Documents: (None of these are needed for Comparable Agency Verification.) All businesses seeking direct Clearinghouse certification must submit copies of the documents in Section I. (No original documents, please!). Partnerships or LLCs should also submit copies of the documents in Section II, while corporations should also submit copies of the documents in Section III.

General instruction: Businesses vary greatly. Give us at best what is asked for. **IF YOU DO NOT HAVE THAT PARTICULAR DOCUMENT THAT IS BEING REQUESTED, PLEASE GIVE A DETAILED EXPLANATION OF THE DOCUMENT OR WHY THE DOCUMENT IS NOT BEING INCLUDED WITH THE APPLICATION**. **LACK OF EXPLANATION FOR MISSING DOCUMENTS WILL ONLY DELAY YOUR APPLICATION REVIEW AND YOUR FILE WILL BE SITTING ON A SHELF OR SENT BACK TO YOU AS INCOMPLETE**. When providing the information, give us copies of signed documents rather than unsigned drafts or file copies. The documents should be arranged in the order of the checklist, and simply clipped or stapled together; please do not take the time to put them into any kind of a binder as we have our own filing format.

SPECIFIC DOCUMENT ITEMS:

Section I:

B. We realize that some localities do not require business licenses. Please state if your city ordinance does not require you to have a business license to operate.

C. An actual business card and not a photocopy. A short brochure will do. We don't need thick catalogs, videos, etc.

D. A single document such as a passport or birth certificate can satisfy items Dl, D2, and D3. You need not include multiple copies of the same document. Note the specific requirements for Native Americans (tribal card). Persons of mixed (majority/minority) ethnicity may be asked to furnish documentation showing that they consider themselves part of the minority community, and are so considered by others.

E. The resume should be **current** and **dated**. Please include dates of employment on the resumes (“from ____ through ____”). For prior employment, please describe name of company and what the business did, and your position and duties.

If any immediate family members are involved in your current business, please submit resumes for all of them whether or not they have any ownership; also indicate the family relationships. With a family business, it will be particularly important to know when each one joined the business, and in what capacity.

F and G. An executed lease agreement: **IF YOU OPERATE YOUR BUSINESS OUT OF YOUR HOME, PLEASE TELL US THAT WITH PROOF OF RENTAL OR**

OWNERSHIP OF THE LOCATION. WITH OWNERSHIP, A COPY OF A PROPERTY TAX STATEMENT, MORTGAGE STATEMENT, ETC. WILL SUFFICE. WITH RENTAL, A COPY OF THE RENTAL OR LEASE AGREEMENT.

H. Bank card: The bank signature card should show the names of all persons authorized to sign checks and if possible should be dated. However, some banks may not allow the card to be copied. You may then ONLY submit a statement from your bank branch indicating who are the authorized signers on the business general bank account are and how many signatures are required to sign on the account. WE DO NOT WANT NOR NEED ACCOUNT NUMBER INFORMATION OR ANY MONETARY INFORMATION ABOUT THE ACCOUNT. Merely stating that you have an account is not enough.

I. **Proof of capital contribution:**

We want to see that you have made a substantial contribution to starting up or acquiring the business. That can be shown in many ways. For example, a cancelled check can document the purchase of the business or major assets. A resolution by the board of directors can show that you obtained stock by transferring the assets of your former proprietorship, or for some other consideration. If you acquired the firm from your parents or other family members, we would like an explanation of the process (was it a gift or inheritance, or did you buy it from them?)

We want to see a real contribution. If the company began operating with major assets or equipment, a receipt for a minor purchase or a token purchase of ownership shares will not usually be enough. On the other hand, many companies are started at home with minimal assets (a phone, a computer); if that is how you began, give an explanation. If an existing business becomes incorporated, we will want to see the capital contributions to the predecessor firm. A short history of the company can be very helpful here.

J. Income Tax Return: **PLEASE SUBMIT THE ENTIRE FEDERAL TAX RETURN INCLUDING ALL SUPPLEMENTARY STATEMENTS , SCHEDULES, ALL W2 AND 1099 STATEMENTS.**

FOR:	SOLE PROPRIETORSHIP:	FORM 1040 INCLUDING SCHEDULE C
	PARTNERSHIP/LLC:	FORM 1065 INCLUDING ALL K-1 SCHEDULES
	CORPORATION:	FORM 1120 OR 1120S INCLUDING SCHEDULE E (FOR 1120) OR K-1 SCHEDULES (FOR 1120S) AND ALL STATEMENTS FILED WITH RETURN

Do not blacken out any of the numbers on the return. We use them in our analysis. Please be assured that we keep your files in strict confidentiality.

You do not need to give us state or local tax returns unless we ask for them specifically.

If you became incorporated too recently to have filed corporate tax returns, but were operating substantially the same business (perhaps under a different name) with a different structure such as a proprietorship, submit the tax returns for the old business.

K and L. References: If you do not have two contracts or references, give us at least one. A contract can be entered into with either a customer or a supplier, and can take the form of an agreement or a purchase order. Large contracts are preferable to minor receipts, and signed contracts are preferred rather than unsigned copies.

Section II:

B and C. Partnership Agreement: The partnership agreement (A) may contain the sections on profit-sharing and buyouts. Be sure to include any changes from the original agreement. The partnership agreement should be signed by all partners, not a draft or file copy.

LLCs should submit the operating agreement with any appendices, plus the applicable registration form for your state. We must know each member's share of assets, profits, and losses. As with a partnership, the operating agreement should be signed.

Section III:

B. Be sure to submit copies of any stock purchase agreements or other agreements between shareholders

C. Submit a copy of the minutes of the organizational meeting, and of all subsequent meetings (directors and/or stockholders) that deal with changes in owners, ownership shares, stock options, directors or officers. If the company is very old, or when there has been a complete change in ownership, we realize that some of the original documents may be unavailable. If the original documents are not available, please explain, and at least include documentation of when the present management assumed control.

If you do not hold formal meetings (as, for example, when you are the sole stockholder) give us a one-sentence statement explaining that.

If one of the owners owns another business, we may ask for information on that company as well. If such a business claims WBE or MBE status, and that status is needed for your certification, we will ask for proof equivalent to certification.

D and E. Stock Certificates and Ledger: We realize that some corporations with a single owner do not issue certificates or maintain a stock transfer ledger. If that is the case, explain.

F and G. Statement of Domestic or Foreign Corp.: These documents apply primarily to corporations in, or doing business in, California. If you do not do business in California, or are recently formed, we understand that you may not have them. However, if your state has something similar, please supply it.

For those who do have the statement – it should show the names of the officers and directors. Please do not send a form in which you have simply checked off the box indicating no change from the previous statement and left the rest blank. Send the most recent form that was completely filled out.

Where to send your application: All applications are now sent to the San Francisco office (our North Hollywood office closed as of July 31, 2005) located at 1167 Mission St., 4th Floor, San San Francisco, California 94103. We STRONGLY recommend that you send the application with some type of return receipt to assure that we received your application.

When we receive your application, we log it in and send you either a confirmation letter or a letter telling you that it is incomplete (usually it lacks the documents from page 10) within two to three weeks from when we received the application. If you have not received an acknowledgement by then, call us! Again, we strongly recommend sending the application with some type of return receipt confirmation since we cannot guarantee receiving an application if it is sent only by regular mail.

We try to conduct our analysis in a timely fashion. It may take approximately forty-five to ninety days, sometimes longer or shorter, depending upon in part on how thorough you have been in filling out the application and including all the required documents. Requests for supplemental documents and a site visit or telephone interview may also be required that could affect the normal review time. The analysis may also be affected by the workload conditions at the time your application is received by the Clearinghouse as well as the complexity of the business structure.

It is quite common for us to request further documents and to interview you, either by phone or on-site. We request supplementary documents in situations where we cannot determine ownership and control from the basic initial documents. That might occur when the structure or history of the firm is complex, or where there is significant involvement of ineligible persons or other firms. Such requests are made individually for each case, but typical documents would include two or three years of additional tax returns (personal, business and corporate); resumes and details of other business involvement of all owners; shareholder or investor agreements; copies of canceled checks; complete sets of directors' meeting minutes and credit card statements. Again, all of this information is kept in confidence and in a secured facility accessible only to Clearinghouse staff or the CPUC.

Site visits are not done outside of California. For out-of-state firms we substitute an intensive telephone interview. We make a site visit only after receiving all requested documents. All visits are scheduled at your convenience so you have time to prepare for them. Some applications may not require an interview to be performed.

A final note: we will send you three reminder letters when your certification is about to expire. However, if you have moved, those letters may not reach you. If we cannot find you, the company will become de-verified and your file will be closed. **IT IS YOUR RESPONSIBILITY TO NOTIFY THE CLEARINGHOUSE OF ANY CHANGES WITHIN YOUR BUSINESS. THIS INCLUDES CHANGE OF ADDRESS, COMPANY NAME, STRUCTURE (I.E. FROM SOLE PROPRIETORSHIP TO CORPORATION), MANAGEMENT, OR OWNERSHIP (FROM PERSON TO PERSON OR FROM INDIVIDUALS TO A FAMILY TRUST). THE CLEARINGHOUSE IS NOT RESPONSIBLE FOR ANY COMPANIES' STATUS SHOULD THEY NOT INFORM US OF THESE CHANGES.**