



Annual Supplier Diversity Policy Session

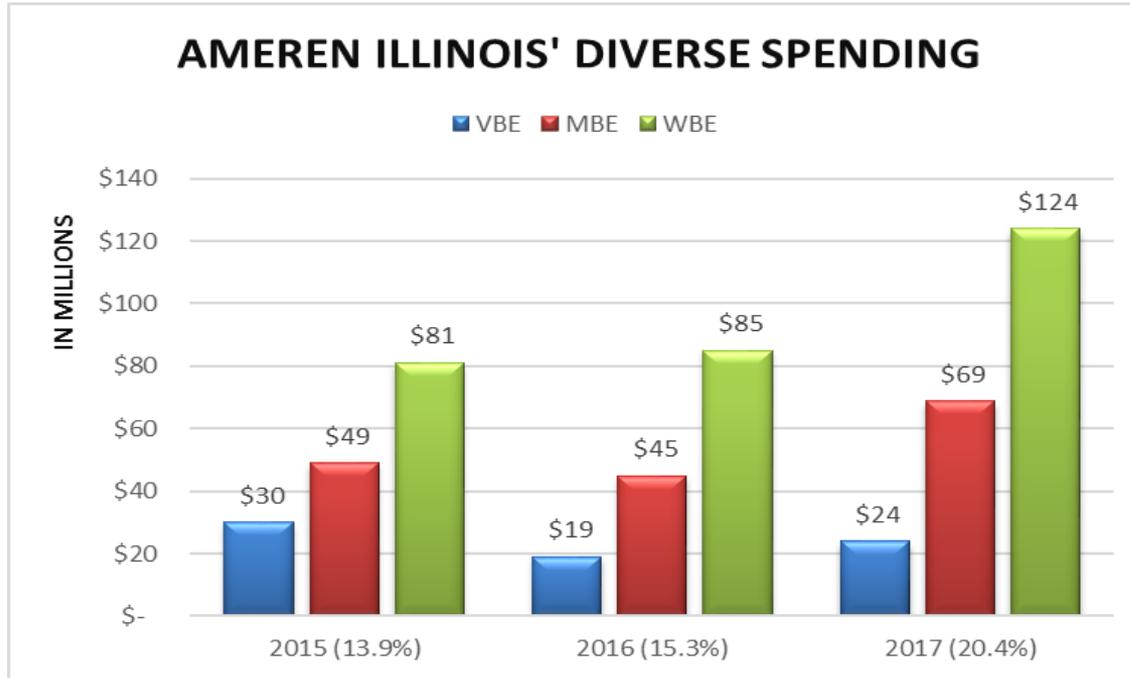
September 5th,
2018

Illinois Commerce Commission

Business Diversity Policy Session



HISTORICAL PERFORMANCE



* Three Year Economic Impact in Illinois: **\$1.1B**



KEY ILLINOIS BUSINESS DIVERSITY STRATEGIES

- Ameren Illinois Supplier Diversity Steering Committee
 - Formed late 2016 to ensure appropriate consideration when making major spend decisions
 - Comprised of Senior Leaders
- Adjustment to Sourcing Scorecard
 - Weightings needed to reflect our emphasis on **diversity** and our desire to use **locally headquartered companies** when it makes sense
- To increase buy in, started educating coworkers on the community benefits of diversifying our spend
 - More deliberate discussion about diversifying our spend
 - Diverse spend added to dashboard as a business unit metric



SUPPLIER DIVERSITY STEERING COMMITTEE

MEMBERS



ENERGY EFFICIENCY

- In 2017 Ameren Illinois worked hard to develop and the Commission approved an energy efficiency plan that has dedicated **\$2.9M for market development, diversity and economic empowerment** for communities in the AIC service territory.
- Two of the most important goals for this initiative are to **increase the number of local and diverse candidates** filling untapped energy efficiency jobs, and to assist in the **expansion or launching of new local, diverse energy efficiency businesses**.
- Ameren Illinois analysis of energy efficiency programs found **disparities in participation by moderate and low income customers**. Therefore Ameren Illinois developed an energy efficiency plan designed with the objective of serving **moderate- to low income customers** in a more meaningful way to increase their participation.
 - This objective allowed the company to seek **vendors as partners** with experience doing this work and several of them are **diverse business enterprises**.
 - The spend with these vendors will be included in **future reports** as it primarily began in 2018, but the program will continue through 2021.



AMEREN CORP. AND SUBSIDIARY AWARDS 2017



**TOP UTILITY
IN THE UNITED
STATES FOR
DIVERSITY &
INCLUSION**

DiversityInc



**TOP 100
MILITARY
FRIENDLY
EMPLOYERS**

G.I. Jobs
Magazine



**BEST PLACE
TO WORK
FOR LGBTQ
EQUALITY**

Corporate
Equality Index



**TOP 50
COMPANIES
FOR
DIVERSITY**

Black Enterprise
Magazine



**TOP 50
EMPLOYER**

Woman Engineer
Magazine





Ameren

ILLINOIS

FOCUSED ENERGY. For life.



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powering lives

SUPPLIER DIVERSITY POLICY SESSION

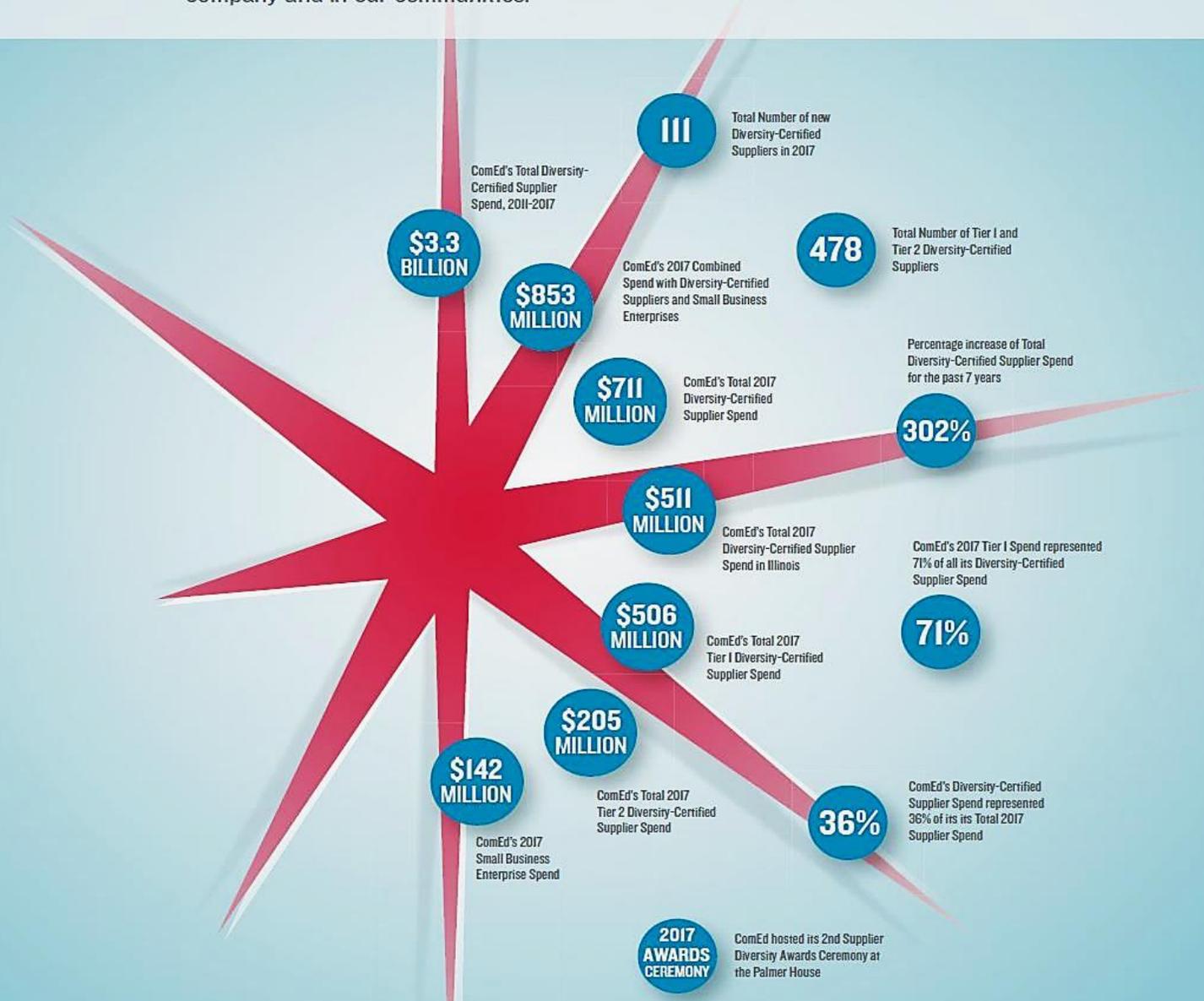
Illinois Commerce Commission

September 5, 2018

COMED'S COMMITMENT TO DIVERSITY

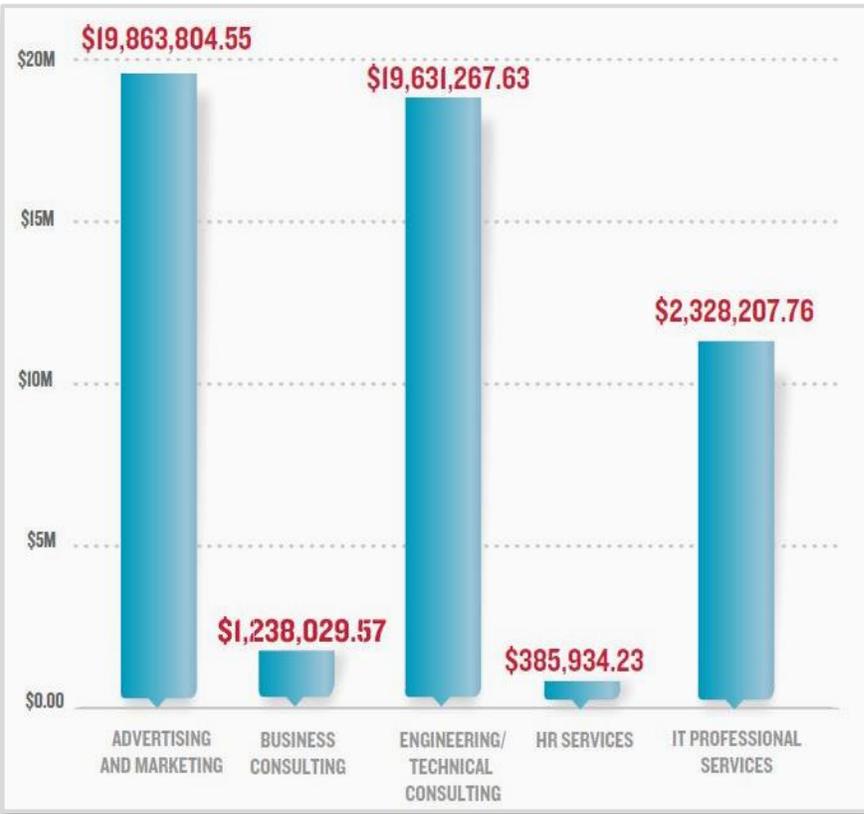
- ✓ ComEd's Diversity-Certified Supplier Spend represented **36%** of its Total 2017 Supplier Spend
- ✓ Tier 1 spend represented **71%** of the Total Diversity-Certified Supplier Spend
- ✓ ComEd added **111** New Diversity-Certified Suppliers in 2017 adding to a total of **478** diverse suppliers
- ✓ Minority-owned Business Enterprises (MBE) represented **48%** of ComEd's 2017 Total Diverse-Certified Supplier Spend
- ✓ Woman-owned Business Enterprises (WBE) represented **\$342** million of Total Diverse Spend. Furthermore, WBE's made-up **51%** of the total diversity-certified spend

The graphic below illustrates what ComEd's commitment to diversity-certified suppliers means to the Illinois economy and to the economic vitality of the communities in which we operate. This report demonstrates how the economic activity we generate benefits our employees, companies, cities, and towns throughout the state. Our continued commitment to diversity-certified supplier inclusion contributed to another year of positive growth in the company and in our communities.



COMED'S PROFESSIONAL SERVICES

COMED'S 2017 PROFESSIONAL SERVICES/HIGH-MARGIN STRATEGY



- ✓ ComEd's 2017 Tier 1 diversity-certified Professional Services spend exceeded \$42 million
- ✓ Tier 1 diversity-certified suppliers made up nearly 66% of the total category spend in Advertising and Marketing
- ✓ 59% of ComEd's diversity-certified supplier spend in Engineering/Technical Consulting was with MBE contractors
- ✓ Of ComEd's 19 Enterprise All In (EAI) program participants, 8 firms are diversity-certified professional services



Kimberly Moore (center), founder of *KDM Engineering*, receives ComEd's Diverse Business Partner Award for Overall Performance for Professional Services.

After the introduction of the EIMA, *KDM Engineering* was brought on to ComEd's Smart Grid program. Over the last 3 years, *KDM* fielded, surveyed, analyzed, designed, and permitted over 3,000 locations in the ComEd territory to develop a radio network.

COMED'S ENTERPRISE ALL IN (EAI) DIVERSE SUPPLIER DEVELOPMENT ACADEMY

- ✓ The EAI equips a selected **19 diversity certified suppliers** with the tools and knowledge to attain their next level of business growth
- ✓ Participants gain knowledge through **one-on-one mentorships**, hands on support, and educational workshops that focus on: enhancing business skills, safety policies, and the **Exelon/ComEd bidding process**
- ✓ The purpose of EAI is to develop **scalable, regionally centered, diversity certified suppliers** by directly impacting the development of minority-, women- and veteran-owned, certified businesses
- ✓ The 19 selected diversity certified businesses include: **12 MBE's, 5 WBE's, and 2 VBE's**. Additionally, there is a strong focus on **Illinois-based enterprises**, including Chicago United's **5 Forward Participants**



Top Left: Shon Harris, President of LiveWire Electrical Systems, Ltd., accepting ComEd's Rising Star Supplier Diversity Award.

Top Right: Lauren Casentini, President of *Resource Innovations*, ComEd's first WBE contractor in the energy efficiency implementation category.



Bottom Left: Arabel Alva Roasles, President and CEO of AAR & Associates, Ltd., a MBE/WBE management and technology firm.

Bottom Right: Jackie and Cyndi Richter of *Heels & Hardhats Contracting Corp.*, a WBE/LGBT construction firm.



COMED'S MINORITY REGULATORY LAW FIRM PARTNERSHIP INITIATIVE

BACKGROUND INFORMATION

- ✓ Launched in 2017, The Minority Regulatory Law Firm Partnership Initiative, is deepening expertise and helping to **create opportunities for minority-owned law firms** doing regulatory work on behalf of ComEd before the Illinois Commerce Commission (ICC)
- ✓ The Initiative includes a **training curriculum** taught by ComEd attorneys, outside counsel, and other experts
 - ✓ Topics include: Ratemaking, Rate Design, Reconciliations, Cost Recovery, & ICC policies and procedures as well as information on major Illinois legislation.

UPDATES AND PROGRESS

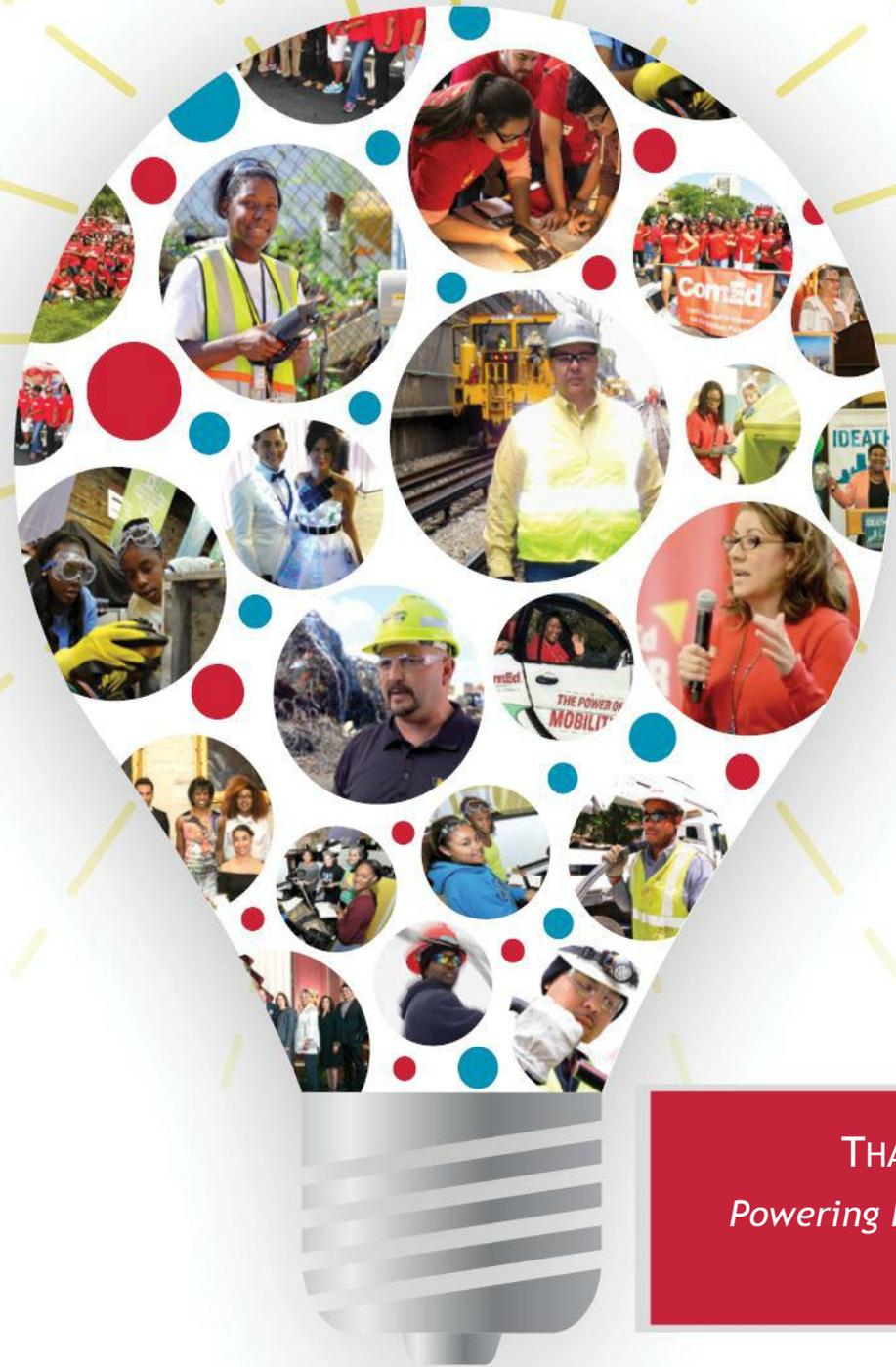
- ✓ Participating law firms have completed sessions on **14 topics**, totaling **21 hours** of training
- ✓ Sessions addressed: the Future Energy Jobs Act (FEJA), Federal Energy Regulatory Commission (FERC) regulations, **energy efficiency**, ratemaking, rate design, and ICC procedures
- ✓ The firms have worked on ComEd **affiliate transactions**, energy efficiency dockets, the **microgrid proceeding**, the **2018 formula rate case**, **customer complaint cases**, **pole attachment issues**, and **NextGrid**



Homero Tristan (founding Partner) and Pedro Cervantes (managing partner), of *Tristan & Cervantes*, are working with ComEd on the ICC's NextGrid Initiative and customer complaint cases



Ken Johnson, managing partner of *Johnson, Blumberg & Assoc.*, is working on ComEd's Microgrid and Community of the Future project in Bronzeville.



THANK YOU FROM COMED
*Powering Lives With A Commitment To
Supplier Diversity*



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Illinois Commerce Commission 2018 Policy Session

Bruce A. Hauk

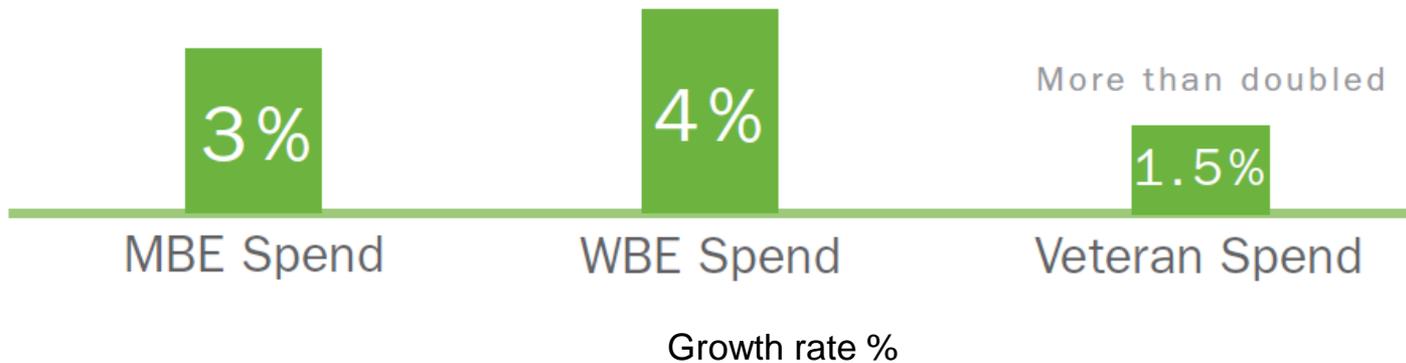
Senior Vice President, Midwest Division
President, Illinois American Water



AMERICAN WATER

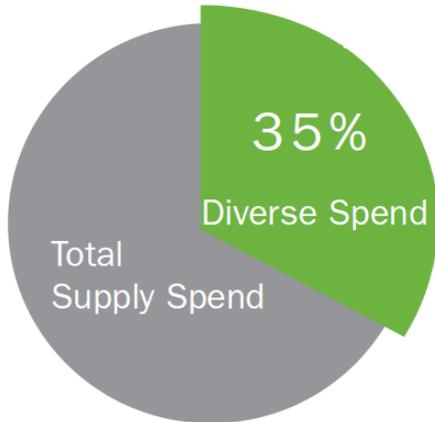
Continued growth in diversity performance:

- Since 2014:
 - Total diverse spend increased 10 times
 - MBE spend increased 11 times
 - WBE spend increased 4 times



Impact of small business primes on diverse spend:

- Approximately 40% of Total MBE spend is attributed to small business prime contractors
- \$26M spent with small business firms in 2016-2017



From 2016-2017 overall Diverse Spend Increased **7% +**

Over **\$42M** of supply spend with diverse suppliers

Approximately **40%** of Total MBE spend is attributed to small business

+ From 2016 through 2017, over **\$26M** spent with Small Business

Intentional focus on Illinois-based partnerships:

- Growth with Illinois-based diverse businesses
 - IL-based MBE spend is 77% of Total MBE spend
 - IL-based WBE spend is 54% of Total WBE spend
 - IL-based VBE spend is 60% of Total VBE spend
- Recognition from advocacy partners
 - East St. Louis NAACP Branch - *Corporate Business of the Year for Diversity and Inclusion*
 - Illinois State Black Chamber of Commerce – *Corporation of the Year*
- ILAW Economic Impact

ECONOMIC IMPACT OVER 3-YEAR PERIOD

Total Impact in Illinois of **\$714M**

Job-creation of more than **2,700 jobs**

Challenges and Opportunities

- Professional services
 - 75% of total spend in Legal Services is with diverse firms
 - Financial Services is an opportunity for growth
 - AWE Corporate National Contracts structure
- Direct engagement with key purchasing influencers
 - D&I Council Appointment
 - AW Investment Committee Member
 - VP of Operations
 - Director of Engineering
 - Corporate Supply Chain
 - Corporate Diversity Lead

Questions?

THANK YOU



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**Illinois Commerce Commission
Supplier Diversity Policy Session**

Charles Matthews
President and CEO
Peoples Gas and North Shore Gas

September 5, 2018

2017 Diverse Supplier Spend Results

The Companies were able to achieve an overall spending of 

\$125,500,000

with diverse businesses at **18.7%** of the total procurement spending.

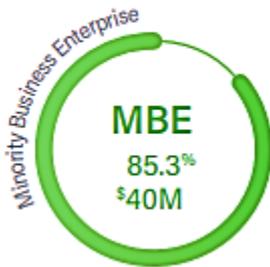


— In 2017 —

87.2%

was spent with **Illinois-based firms.**

Spending increase from 2016 to 2017



Success Story: Ujamaa Construction (Minority-Owned Business Enterprise) and Peoples Energy Training Center

- Received contract to be general contractor for \$20M training center project
- Achieved 93% diverse Tier II participation for Peoples Energy Training Center
- Project contributed to significant growth of Ujamaa



Capacity building and growth

- Focus Areas for Improvement
 - Construction
 - Engineering
 - Environmental
- Other professional services:
 - IT
 - Finance
 - Legal



Striving for a Premier SDI Program

- Independent consultant review
- Premier standard
- Economic impact study





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ILLINOIS UTILITIES BUSINESS
DIVERSITY COUNCIL

Structural Impediments Categories

Utility Industry

Utility companies' key categories of work, where the majority of dollars are spent, are in highly mature markets with high barriers to entry. The utility industry's safety standards and capital requirements can be challenging for suppliers to meet.

To be fiscally responsible, utilities must balance internal costs with customer costs and provide more opportunities for diverse business to compete for contracts. To achieve this, utilities may reduce the size of some contracts to provide more suppliers opportunities to bid. This approach can conflict with a more conventional procurement practice in which buyers source from fewer, strategic vendors

Business Finance/Bonding/Operations

Economies of scale that can be achieved by larger suppliers can make it difficult for qualified diverse suppliers to compete on cost. (i.e., specialization of labor and more integrated technology/equipment boost production volume and lowers per-unit costs of larger suppliers.)

Access to capital/lines of credit to support diverse business growth within the utilities

Local Market Forces

Strong barriers to entry (union requirements) in Illinois may restrict utilization of Suppliers who specialize in our core business in other states served.

Market pressures to increase diverse participation encourage opportunities "to game" diverse spending. (e.g.; pass through spending)

Multi-industry demands for participation strain resources of diverse suppliers to meet requirements of the utility

High concentration of diverse suppliers in common categories (i.e.; engineering, staffing etc.) compete for the same work with few "niche" suppliers.



ILLINOIS UTILITIES BUSINESS
DIVERSITY COUNCIL

Professional Services Categories

Utility Specific Expertise

In some professional service categories, utilities must invest in providing mentoring, training and development to help build the capabilities of diverse suppliers. (e.g. Legal)

Diverse professional service providers' must possess utility-specific experience as it relates to federal regulations, policies and industry methods which make proposals less specific and competitive.

Some diverse suppliers have limited access to the capital needed to grow beyond their current capacity.

Life Cycles

To maintain service consistency, professional services contracts are longer in duration, so opportunities to bid on these services are less frequent.

Industry Forces

Professional services opportunities are limited as the majority of spend is on construction focused activities.

Greater ambivalence to follow through the process of becoming a certified diverse business and viewed as less qualified in professional networks.

No public bid notices for utility opportunities

Business segment buy-in to explore utilization of diverse companies in key professional services categories

Utilities are encouraged to increase spending with diverse law firms, yet many utilities seek to reduce spending on outside legal counsel in order to reduce costs for customers.



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