Met pursuant for the Illinois Commerce Commission, Supplier Diversity Services: Policy Session 1 held at 160 North LaSalle Street, Suite 800, Chicago, Illinois, on March 31, 2014, commencing at the hour of 1:02 p.m.
APPEARANCES:

Chairman Doug Scott
Commissioner Miguel del Valle
Commissioner Sherina E. Maye
Commissioner John T. Colgan
Commissioner Ann McCabe
Representative William Davis
Dr. James Lowry
Mr. Jose L. Perez
Mr. Richard Mark
Mr. Byron Witherspoon
Ms. Jacqueline Voiles
Ms. Anne Pramaggiore
Ms. Melissa Sherrod
Mr. Fidel Marquez
Ms. Michelle Blaise
Mr. Hank Linginfelter
Mr. Willard Evans, Jr.
Ms. Arti Shadid
Mr. Melvin Williams

ALSO PRESENT:

Various members of the public
CHAIRMAN SCOTT: Good afternoon. We're going to call to order this policy session on the Supplier Diversity Series of the Illinois Commerce Commission. All of the commissioners are present.

I really want to thank Commissioner Maye and Commissioner Del Valle and their advisors for putting together this second policy session on this very important topic. As you know, we've been using these policy sessions to explore items that don't necessarily come before us in the course of a normal case or that we would like to explore in greater depth than we might get out of a rate case or a similar kind of proceeding in front of us, and that's what we've been using these policy sessions for, this subject.

As you know, we had one policy session back a couple of months ago. I thought it would be important to follow up on that. Again, thanks very much to Commissioner Maye and Commissioner Del Valle for their work on it. And I'll turn it over to Commissioner Maye.

COMMISSIONER MAYE: Thank you, Chairman. Welcome all to you today and to those listening in Springfield. We have a packed room. This has been a great topic. We had a great session last month and we wanted to continue on with that series.
So, basically, last month we keyed up the topic of supplier diversity and we just wanted to open some dialogue. We had a couple of experts speak to you on the topic, and today we wanted to allow the utilities to speak on the topic as well. We can't wait to hear your stories. We can't wait to hear what you're doing. We all know that there are some great things happening and we're excited to hear about it.

I absolutely wanted to, on behalf of Commissioner Del Valle and myself, thank you, our colleagues, Commissioners McCabe and Colgan, and Chairman Scott. As you know, with our policy forums, many of the times one or two commissioners may take on an issue. That does not mean that all five of us are not passionate about that issue. That just means that maybe one or two of us will spearhead it and then we'll get the support from our colleagues. And, without their support, we really can't go anywhere. So the three people sitting to our right have been extremely supportive and have been very passionate about this as well. So we definitely thank them.

We wanted to thank the ICC Staff, particularly, Jonathan Feipel, who is sitting in Springfield listening to the policy forum, as well as
Gene Beyer, who have been fantastic, extremely supportive, and provided us with a wealth of knowledge and have just been 110 percent in our corner with this.

I would like to also acknowledge the legislators who have keyed this topic up in the capitol. Senator Martin Sandoval, who is not here -- is not here today, and Representative Will Davis, who spoke at the last policy forum and who will be here today. I don't see him as of yet; but, once he gets here, we will leave a moment for him to make some brief comments.

Most importantly, I would like to thank the CEOs and presidents of our regulated utilities for their time. We understand that every minute counts, every minute is significant to you all. We've asked for you all to come here and for you to allow us your time and to tell us your story. We greatly, greatly appreciate it. So we're very excited about that.

Last, but certainly not least, I'd like to thank the supplier diversity advocates and supporters in general.

So, with that said, I just wanted to express, again, our passion for this. You know, lately -- this is the second time I've spent in 2014 that we've had the opportunity to see your postings and for you to submit
your reports under the new legislation. Last year was
the first time. There was some room for improvement.
This time we did see a great deal of improvement and we
will expand upon that later on.

Just because the Commission was not focused on
supplier diversity by way of a policy forum in the past
does not mean that it did not take it seriously;
however, both Commissioner Del Valle and myself deem
this as a topic that is extremely important. We wanted
to have a policy forum on it. We wanted to express that
we thought this was a significant matter, that we want
to see some change and we want to also help you all make
some change. So we wanted to invite you all here to
have a dialogue with us.

So, with that said, I'll pass the microphone
on to my colleague, Commissioner Del Valle.

COMMISSIONER DEL VALLE: Thank you, Commissioner
Maye. And I also want to thank you for your leadership
and the work of your Staff in preparing this policy
forum today and thank our Chairman for his support and
all of the other commissioners as well.

There has been much work done to improve
supplier diversity at our utilities. And even though we
have a long way to go, I am hardened by the commitment
of the leaders we see here today before us. It is through their leadership and vision that Illinois can become a leader in enhancing shareholder value and managing ratepayer cost for the expanded competition integration and inclusion in utility procurement. A greater commitment to supplier diversity represents an instance in which the interest of the ratepayers and the companies are aligned.

I believe that greater inclusion in competition and utility procurements will stimulate innovation and will help provide a utility with the best possible product or service at the lowest possible cost. But, also, a greater diversity enriches all of our communities served by the Illinois utilities, and these are communities that all of you serve in the State of Illinois, which means that working with the utilities on this practice is not only good business for them, but good public policy for Illinois.

Turning to our agenda before us, with us today we have two national figures who are well-respected experts in supplier diversity. Two of them will be speaking first and addressing the situation around the country and some of the best practices in supplier diversity, and next we will have the leaders from our
board utilities present with their teams to discuss their progress and your reports, as Commissioner Maye indicated, and engage in discussion about their future or for the future, their vision for the future. However, we cannot have a conversation about utility supplier diversity in Illinois without acknowledging, as Commissioner Maye has already done, the leadership that has brought us here today.

It is through the efforts of State Senator Sandoval and Representative Davis, who has joined us, who is here with us today, that we have gotten this far. Not only did they work to pass the Public Act 971041, which brought us the reports we will be discussing today, but House Bill 3635 sponsored by Representative Will Davis was recently passed through the House without a single vote against it. Great work, Representative. The Bill was sponsored by Senator Sandoval in the senate.

So, at this point, what I would like to do is to invite Representative Davis to give us a status report, even though we're already pretty much aware of your success thus far, and give us some more of your advice. And thank you for your fine work.

REPRESENTATIVE DAVIS: Thank you very much,
Commissioner Del Valle, Chairman Scott, Members of the Commission, Commissioner Maye. I certainly want to commend all of you on your work for recognizing how important this issue is and giving this kind of time to the issue of diversity. Again, I'm always of the opinion that whenever we can talk about diversity and the opportunity to increase diversity, we must continue to do so.

Commissioner Colgan, good to see you again. We saw each other in Springfield at the Paul Simon documentary showing. Both of us are SUI Alumni. I'm very proud of that.

So, again, as Commissioner Del Valle has indicated, we were successful in passing on the House, House Bill 3635, which moved over to the Senate for consideration. I don't see any challenges with it moving on to the Senate. And, again, this is just another step in the process toward coming up with some collective, some comprehensive ways in which we can increase diversity among suppliers here in the state.

You know, we passed legislation within the last couple of years to help our utilities do what they do and to do it better giving them opportunities to redevelop their infrastructure, whether it be smart
grid, which has a particular name for the work that particularly the gas suppliers are doing right now or will be starting to do very shortly. Again, we've given them these opportunities. So, to me, it's relevant that we bring into the conversation about diversity and suppliers.

We know that when African-American and Latino vendors have the opportunity to increase their workloads, we know that they hire other Latinos and African-Americans. So we're talking about jobs, you know. That's one of the core things that we're talking about in this conversation are jobs and jobs for all of the community. And we think that an appropriately qualified vendor should have the opportunity to access these resources and provide jobs for the communities, and that they come from the communities that they represent as well.

I mentioned, when we were here before, that some of the work has already begun toward increasing the pool of qualified suppliers or vendors for these companies. Again, we've already had one supplier diversity event with Nicor Gas, which was a success and gave opportunity for vendors who never thought about working and doing business with them an opportunity to
do so. In April, we will be doing a similar event with AT&T. Again, the same premise, to look at the opportunities that exist and give vendors who had not otherwise thought about doing business with AT&T an opportunity to see what they can do there.

We are in the planning stages of another event with ComEd and working forward to do that. ComEd has already taken some steps, moving forward, toward looking at some of their vendors and encouraging their vendors to hire more minorities, to offer training opportunities for more minorities, which may lead to additional hiring, whether it be short-term or permanent. So you've already got some great work moving forward, but this work, the legislative work, is what we're looking at to try to, you know, figure out how we can make permanent some of what we're doing so it's just not a one-time thing and that it also continues. I mean, these companies are looking at doing this work over the next five, six, seven, ten years. So there is a substantial opportunity for not only employment opportunities, but also vendor opportunities that we are extremely, extremely excited about it.

I often indicate that my tool is the legislative process. And I will continue to use that
tool to the best of my ability to accomplish things such as this. And with the support and working with the ICC, which has that kind of oversight with regard to them, I think that's a natural partnership that we are working together. And I think, again, as you've already indicated and shown your willingness to kind of take over this role and to work in this venue and work in this way, we are very excited to continue this partnership and this relationship moving forward. And, again, we're looking forward to some great things happening as we move forward.

COMMISSIONER MAYE: At this point, I just wanted to announce. I see a few people standing. And this is a long policy forum. We do have an overflow room in N808. Unfortunately, that is not equipped with video, but there is audio in there if anybody wanted to shift over at this time. So now we will begin our policy forum.

COMMISSIONER DEL VALLE: Thank you.

COMMISSIONER COLGAN: Thanks, Representative.

COMMISSIONER MAYE: Oh, excuse me.

Now, we'll begin with our expert on supply diversity. I'd like to welcome Mr. James H. Lowry. Mr. Lowry is currently a senior advisor to the Boston Consulting Group and president of his own private
consulting firm specializing in minority business development and strategic planning. Mr. Lowry is a nationally recognized workforce and supplier diversity expert and pioneer. He encapsulates 40-plus years of experience in the field of minority business development in his new book, "Minority Business Success, Refocusing on the American Dream," which is coauthored by Leonard Greenhalgh, Tuck School of Business at Dartmouth College.

In 1978, Lowry prepared the first major study on minority business enterprise development for the Department of Commerce entitled, "New Strategies For Minority Business," which lead to the creation of the minority business development agency. In 1980, he prepared another study for the Department of Commerce entitled, "Minority Business in the '80s." Lowry has designed many supplier diversity programs with public and private sector clients including the City of Chicago, Department of Defense, Burger King, AT&T, Pepsico, and Ford Motor Company, and the list goes on and on and on.

In 2005, Lowry offered a new study entitled, "Realizing the New Agenda For Minority Business Development," sponsored by the Hoffman Foundation in
conjunction with a billion-dollar roundtable. In 2009, Lowry studied -- authored a study on capital formations for the National Association of Investment Companies. Since 1996, Mr. Lowry has served as an adjunct professor and academic advisor to a one-week course on minority business development at the Kellogg School of Management.

I just wanted to add in that, when I first received the bio of Mr. Lowry, I said to my legal and policy advisors, "We have got to have him. So figure this out. We have to have him." I'm so excited to have him here today and I absolutely welcome you to the Illinois Commerce Commission, Mr. Lowry.

MR. LOWRY: Thank you. Thank you so very much, Commissioner. It is a pleasure to be with you and many of my friends in the audience. And you said I have to keep my comments down to 15 minutes, and I will try, but they know me well. But I will try and really speak from the heart, but also from experiences.

As it's been stated, the minority business has been very, very dear to me for over 40 years. And, over this time period, I have observed much progress. And I'm proud to say that I've been actively involved in that change progress both within the private and the
public sectors. And you've alluded to a couple of the
pieces of work that I'm particularly proud of, and
that's the first major study for the Department of
Commerce leading to the creation of the Minority
Business Development Agency.

And, prior to that time, there had never been
a study on minority business with the federal
government, and that was 1978. I also assisted the
design produced for the City of Louisville, Atlanta,
and, most proudly, the City of Chicago under Harold
Washington. And I also assisted the Ford Motor Company
and increased their minority business spend from 200
million to 3 billion in annual spending. And these
things kind of stand out for me.

But I also think back to when I first started;
and a couple of my first studies from the private sector
were with utilities, Commonwealth Edison and Illinois
Bell. And it was under the leadership of Jimmy O'Connor
and we became dear, dear friends. As I reflect on these
studies and think that they're for all utilities -- and,
at that time, it was Illinois Power and now it's Ameren.
And Richard Mark is here representing them -- I think
about the role that utilities played.

And in the early days of my minority business
development, it was the utilities that were in the forefront. They were the ones that were saying maybe because it was quasi-governmental or maybe because they had felt it. It doesn't matter. I mean, when you think back in our history, it was the utilities that did the right thing in the '70s and the '80s that really drove the private sector to do bigger and better things, to reach into the billion-dollar ranks of business.

When I think back and reflect on both the experiences that I had both in the public and private sector, I think there were six things that stand out for me in terms of best practices, that it doesn't matter if it's government or private or semiprivate. It's that there are six things that are always there in a very outstanding preliminary program.

One, you have to have top management commitment. If top management is not part of it, do not believe in it, do not support it, the chances of success are very, very slim. Two, with top management and all of the key players within the organization, private or public, there has to be a thorough understanding of the business case. Why are we doing this? Why is minority business so important?

Three, there has to be total organizational
understanding, understanding from the person who is in the mailroom to the person who is a chief purchasing officer who really dictates where purchasing is going. Every level has to understand why minority business is important and what are the key factors for success in making it very successful. Four, there has to be comprehensive monitoring. I've seen so many programs over the years that have been well-designed leading to municipalities that have well-designed programs, but the monitoring of their system and the processes and the policies and the laws have been weak. And because they were weak, they were not monitored. When they'd look from year to year, there wasn't much impact and the numbers did not go up dramatically.

And I think, five, which is often, often not understood and not really appreciated, those people who were working day in and day out to make these programs successful have to be rewarded. And I'm not talking just in terms of financial rewards. I'm talking about psychological rewards, because there are many people who do believe in the minority laws. The minority business is very, very important, and they should be understood and accepted and appreciated and awarded.

And, lastly, when you get through it all, when
you can go through this process -- and it can't be done overnight -- when you get through those first five, at the end, you have to have cultural acceptance, once again, from everyone and pride. And I've seen that at Ford. When Ford first started, there were a lot of people dragging their feet about, "Why are we doing this? How is it going to affect the bottom?" When Ford started doing work with minorities and others, everybody took pride in what Ford was doing. It was part of the culture and everybody worked there.

So you might ask yourself why would anyone spend over 40 years in the field of minority business enterprise? Well, for me, it was fairly easy. Growing up in the community of Englewood, being fortunate enough to receive a scholarship to Francis W. Parker, and living in Africa twice, I realized early on that although the U.S. capitalistic system has its fault, it is still the strongest, most progressive system in the world. I also realized very early in my life that minorities historically have not played a major role in the U.S. capitalistic system. I felt that this was unfortunate for the minorities. I felt this was unfortunate for the communities in which they resided. And, most importantly, I felt it was unfortunate for the
nation.

This was true when I started my journey. And even today, as I approached the year and started looking at the year 2043, the majority of the U.S. population will be minorities. I think it is even more significant that minority business and minorities play a much more significant role in the enterprise system. It is imperative that we grow minority- and women-owned businesses of all sizes, to, one, to maintain our national competitive advantage, two, to prepare significant population and demographic changes, and, three, to create jobs and opportunities in underserved communities.

When we think about our many outstanding entrepreneurs who happen to be of color, we see that they're not only outstanding entrepreneurs, but they have friends and relatives outside of the U.S. -- outside of the United States. And because of these relationships, they have tremendous access to the valuable strategic partnerships in emerging economies, which would be the next major markets for the United States.

These businesses have to be leveraged. We have to be more competitive so that we compare to other
great nations. In terms of the aging, the workforce is aging. A large percentage of our workforce will continue to be minority increasing by more than 75 percent in the year 2050. Additionally, a medium white household net worth, at this present moment, is 19 to 20 times that of the Hispanic and black households. Income levels vary drastically between demographic groups.

By 2014, this is the key date. As we look at the date which was projected to 2043, the majority of the population will be minority. It is also projected, by 2040, Social Security and Medicare will have insufficient income to provide benefits. At all levels, at the current level, we will have to have a workforce that will be able to produce, on an ongoing basis, to support all Americans, to support all within Social Security, all within Medicare irrespective of color or race.

So we have to deal with this. Something must change. It is documented that minority groups hire -- tend to hire their own and develop their businesses that will improve underserved communities. I saw it in Detroit. I've seen it in other places. The majority and minority youths are hard-working and motivated
students. As a nation, we can help these dedicated young people to help them get into productive careers, produce income, and serve their community. It is important.

So I leave by saying I so appreciate the passing of Public Law 971041 and the work of Honorable Martin Sandoval, Honorable William Davis, the Illinois Commission, Chairman Doug Scott, Commissioner Del Valle, Commissioner Sherina Maye. And I also support Toni Preckwinkle and the Cook County Board who recently passed resolutions to crack down on fraudulent activities in all corporations. Not just with the criminal programs, but also with developmental programs.

So I say I hope -- I will hope you develop not only policies, but you will develop organizational strengths that make these programs work, that you will develop the entrepreneurs so they can move from one generation to the next, so they can grow from a small, micro business to a large business that employes thousands of people. But I state, as a cautionary note, in my 40 years of experience, if oversight does not persist from the top, a strict moderated program is not in place, if clear metrics are not provided and MBEs are not developed, you might be discouraged with your
bottom-line results. I know you're sincere in your
desire to do the right thing and to foster minority
business development. So this will not be the case in
the state of Illinois. You will have a longer vision
for advancement and make this state this much stronger.

I wish you well and I support you in any way I
can. Thank you.

COMMISSIONER MAYE: Thank you. Thank you very
much, Mr. Lowry.

COMMISSIONER DEL VALLE: Thank you very much. And
we'll have questions a little later. So I hope you're
able to stay with us, but thank you for your excellent
testimony.

Our second presenter is Jose Perez. It's my
pleasure to introduce Jose, and he is the cofounder and
chairman of the California Utilities Diversity Council
as well as CEO of Hispanics in Energy. The California
Utilities Diversity Council started in 2003 and is a
joint venture between the California Public Utilities
Commission and the Latino Journal Publications started
by Jose in 1996.

In 2008, Jose cofounded the National Utilities
Diversity Council and served as its first executive
director working closely with the utility commissioners
and companies throughout the country. In 2012, Jose
cofounded Hispanics in Energy, a nonprofit group
focussed on increasing opportunities for Hispanics in
the energy industry.

Jose received his degree in government from
California State University and a Certificate of
Governance from the graduate school of business at
Harvard University. Jose, thank you for being here.

MR. PEREZ: Thank you very much, Members of the
Commission. We're delighted to be here with you to
share our perspectives about supplier diversity and our
California experience. And I'm also proud to mention
that I also assisted the State of Maryland with the
creation of their PSE 16. And so I'm very familiar with
the memorandum of understanding and the work that went
into that.

And so, as has been noted, supplier diversity
is clearly something that has been a deep passion for a
lot of us in diverse communities going back to the
1980s, specifically, 1988, when former Assemblymember
Gwen Moore, from California, was chanting on the
creation of legislation that enabled the California
Public Utilities Commission to create General Order 156
that I'm going to elaborate on today. But, in any case,
she's still an inspiration for all of us. She's a Co-Vice Chair of our California Utilities Diversity Council. And I can tell you that the path that we see here in Illinois is very similar to the one traveled, you know, a little over 20 years ago by Assemblymember Gwen Moore and the Public Utilities Commission. But, like anything else, it's one of those things, you know, the Commission, in this case, you show a deep interest and a deep passion. That passion and interest communicates to the folks that you're working with to deliver, you know, good public service in energy.

So I did prepare a brief PowerPoint just to give you some highlights of what we're doing out in California. This photo, it's not real good out there. But this is the last public hearing that the California Public Utilities Commission had in San Francisco; and once a year, for the last 11 years, it's been gathering executives to do a very similar format that you're doing here today, which is to invite the executives and have a conversation about how well each company has done with supplier diversity.

And this is kind of -- I'm starting kind of at the end here, but this is what's happened over the course of that 11 years. The Commission took a very
keen interest in the legislation that was in the books, but no checking on the Commission. And so, in 2003, there was about a billion dollars of supplier diversity spend in California. And, as you can see, that's gone up to $8.5 billion to 2014.

Last year -- the reports just came in on March 1st for 2013. And, as you can see, Pacific Gas & Electric came in at 42.1 percent or $2.3 billion. Southern California Edison 1.0 -- I'm sorry, billion dollars. I'm sorry. I don't have my glasses -- 41 percent and $1.4 billion. Southern California Gas Company, a much smaller company, but also has a deep breach, 45.4 percent, $0.4 billion. And then, of course, San Diego Gas & Electric at 44.9 percent. We tracked something like 32 companies. AT&T, just for the record, came in at 50 percent plus. And so we know that it's doable. Back in 2003, a lot of these companies were fledgling. The legislation calls for a 21.5 percent supplier diversity goal. It's 5 percent women, 50 percent minority, and 1.5 percent service disabled veterans. And, as you can see, all of these companies are way exceeding that.

So, you know, the key question that people must have is, well, "How did that happen? How do we
take it from one where we're struggling to, you know, bring in diverse suppliers to do business with the companies that are looking for quality work and how do we get to a 40 percent plus?" Well, the first thing I mentioned is, Gwen Moore -- and that's a photo of her there at one of our events. It was the legislation that enabled the Public Utilities Commission to create this General Order 156. And that order is very important because it not only establishes supplier diversity goals, but it also created a process to validate diversity.

Now, what does that mean? Well, that means that someone who claims to be a diverse business owner must prove that they are. For example, in my business -- I own Latino Journal. I had to apply and demonstrate to the reviewers that I'm, in fact, Hispanic, I, in fact, have a business, I have a business license, I have a business bank account, I have to provide my taxes to demonstrate that I'm a bona fide business owner. And so then I get certified and a number that allows me to then basically be tracked if I do business with the company. So creating a process to validate diversity was a key component of this framework.
We also, over the years, created a data-gathering system to collect supplier diversity spend from utilities. And this information, you know, up until recently, was not audited, but now, as a result of an update of the General Order, the Public Utilities Commission actually audits the numbers that are received from the companies, and so they validate that, in fact, you know, they're bona fide. And then every year the order requires the utility companies to submit supplier diversity spend by March 1st.

Now, as like in anything else, the championship here, obviously, is this Commission, Commissioner Maye, Commissioner Del Valle, the rest of the Commission showing leadership, showing concern to those that you work to regulate. Basically, from my perspective, it's really, probably, the most powerful dynamic in the support of getting these types of accomplishments, these kinds of numbers.

In our case out in California, it started with Michael Peevey, who is still on the Commission today. He's the president of the Commission. So he's been on there for 11 years and he is a former president of Southern California Edison. So he understood what a company was like. And so, from a regulatory
perspective, that in-depth view of it helped mitigate some of the issues that have come up over the years. And it looks like he might get reappointed, so this might be his third or fourth time.

And then because of, at that time, in 2003, the Public Utilities Commission was in a tug of war with the legislature and it had no ability to staff up, to put in place outreach programs that would support this initiative, we created a voluntary group called the California Utilities Diversity Council. It's an ad hoc group and, essentially, it meets regularly and it talks about problem-solving solutions. It's very similar to what Representative Davis was talking about with the events with each of the companies. But this was driven by not only the companies, but it was also driven by trade associations and community groups.

So as we laid out the foundation, obviously, Mr. Lowry said it very clearly; and, that is, that we need to take a look at what's going on with the demographics. In California, when these goals were set in 1988, it didn't envision that there would be such a tremendous change in the demographics of the state. And so, consequently, California now way exceeds what these percentages were with respect to the diversity of
businesses in the totality of businesses in California.

So, you know, what does that mean? Well, for example, the goal of 5 percent women set in 1988 is no longer real because the true participation of women in business in California is closer to 32 percent. The same thing with Latinos. You know, the Latinos are like 16.5 percent. Asians are like 60.2 percent and so forth. And so, when you put them all together, you know, the percentages are much higher.

And so, even though these 40 percentile rates look impressive, believe it or not, it's still behind the profile of what's going on in the population in California. So we have to do continuous assessments. Obviously, the U.S. Census Bureau information is key to making that determination. And you can also take a look at the profile of the change in business. Unfortunately, that data is not as finite as we would like it to be because they do surveys. And the last survey that was done was in 2007.

Creating an executive corporate commitment, again, what Mr. Lowry was saying is dead on target, because corporate commitment -- you know, there is a common phrase that I hear now in the circles of the corporate executives in California's energy companies
and utilities, and that is that diversity, it's in the company's DNA. It's almost said all of the time. And, from the very top down to the person that, you know, is working in the mail office, and sure enough it is something that is valued. These companies take time to recognize chapters of diversity, the branch heads, the directors, the managers, the vice presidents. Every time something is done well, it's noted and it's reported. Maybe not financially. It may be financially, but the recognition is a very powerful tool, and recognition amongst their peers is something that's done regularly.

And then, finally, you know, the metrics to measure progress. You've got to have the figures. And so the question is, you know, what are a good set of figures and what's realistic. I took a look at the profile for Chicago and Illinois, and you have -- here, in Chicago, you've got about 32 percent African-American, 25 percent Latino. And you take a look at the business profile, and it doesn't quite match up, which means that some communities need to further develop their business savvy. They're just starting a business. If they started a business, they may need help to become a quality vendor, a quality competitor
for these companies. And so, clearly, you know, metrics
is really important. And so that is something that's
very important.

Again, going back to the executive discussion
about commitment, as you can see in this photo, these
are the ten most influential, most powerful people that
run utilities in California. That includes Verizon. It
includes AT&T, all of the energy companies and the water
companies. Time Warner is up there, Caulk
Communication, Comcast. So that front row of
individuals come before the Commission once a year to
talk about how well their companies are doing with
respect to the accomplishments of supplier diversity
and, in some cases, they talk about other issues of
diversity. For example, they'll talk about corporate
boardroom representation, you know, "Has there been any
shift in the makeup of the boardroom?" Because that
boardroom is the one who decides who the CEO is for the
company, who the vice presidents are, all of the
executive ranks, so they are very policy-influenced.
So, clearly, executive commitment is something that's
very important.

Another thing that we have done over the years
is we created effective outreach. A lot of these
companies didn't have sufficient resources dedicated for research -- I'm sorry, for outreach. And so, through the years, they were able to create units or expand their efforts and be more engaged in trying to make diversity coming into fruition. And so, as you can see from this list, our first venture wasn't until legal services. We discovered that a number of minority and women-owned law firms weren't getting an adequate piece of opportunities on the law side. So we actually pulled the chief counsels for each of the companies, and then reorganized with minority legal service groups, we organized receptions, we organized discussions about the kind of business that they hire, what the process is to get that kind of business. And then, all of a sudden, the number of attorneys and legal services that these companies were employing went up. And so it's a professional level. And so, you know, there is clearly more work to be done, but we can see the needle moving in the right direction.

Last year we launched the consulting services. We pulled in the top ten consulting firms, Pricewaterhouse, Deloitte, Accenture, and so forth. And there, again, because these companies all have hired these consulting firms for everything from human
resources, even managing their rate packages, their pricing packages, they do all information technology, they do -- all of the strategic planning happens through the support services that they get from consulting services, and so we pull the partners together and, you know, strongly suggested that they identify minority consulting firms to bring in the subcontractors or to partner up with new opportunities. And these photos that you see are of that particular forum.

And then we've done very similar things with power purchasing agreements, construction, financial services, advertising, and media. The companies in the L. A. area alone spend about $500 million on consumer education, the energy efficiency, and care and so forth. And so we've seen a dramatic shift in the participation of diverse advertising in media outlets, which is a big investment, because those outlets are the ones that those communities listen to for information, for advice, because they're highly trusted.

We've discovered that those minority media outlets and advertising firms really are well-connected to their communities. And so, when we are trying to do education of consumer issues on ratepayer issues, even issues before the Commission, that group could be, you
know, just an enormous asset to adequately communicate to communities that are not part of the mainline communication. And so each of these outreach efforts, we initially started to survey them to see how well they did, especially with these folks. We're in the process of serving the consulting services. We had about 200 diverse consulting firms that attended that event. And, you know, we'll find out whether or not -- it sounds like they're getting business, but we won't know until we find out. We don't have the facts yet.

And then, finally, going back to metrics, you know, how do you know that you're making progress? You've got to measure it. And so the definition of measurement is something that, you know, maybe you're working through that. And so our metrics are real simple. It's based on this clearinghouse validation of who a person claims to be, if he's a business owner, and then the connection of that information to the actual transaction with the company. And that's how we get these figures.

And, as you can see, the trend there -- since 2003, the trend has been upward. And so we're very proud of the fact that we're able to accomplish this. We do have a really great friend in Ron Litzinger, who
is the president of Southern California Edison, who is available to -- you probably know him, those of you who are here as CEOs of the companies. But he would be very happy to speak to you personally about what it's like to actually have a full engaging supplier diversity program in your company, and he can give you the southern California Edison experience. We can also get Tony Earley from PG&E or Dennis Arriola from Southern California Gas Company. But, you know, talking to your brethren might be a really good thing just to get a pretty good idea of what's possible. And that, you know, might be something to consider.

Another offering would be to possibly create an Illinois Utilities Diversity Council. We use ours in California to pull all of the stakeholder groups, the trade associations, the companies, and the Commission to work out a strategy to improve supplier diversity. There is a lot of this. And the legislation is great; but, at the end of the day, it really is a commitment of people sitting around and figuring out what's going to happen in order to make these numbers move in the right direction. And so that's something that we've done over the last ten years. And I did bring a copy of the annual report for those of you who would like to see
what this group could possibly do in a state like Illinois, and it gets into a whole lot of details about how the work -- how the work is accomplished.

And then, finally, you know, obviously, we're very happy with this development here in Illinois, and we're here as a resource. I stand ready to help the Commission and the companies and the community groups to try to iron its way through the supplier diversity challenges and we're here to help.

So on behalf of the California Utilities Diversity Council and Hispanics in Energy, thank you very much for this opportunity.

COMMISSIONER DEL VALLE: Thank you, Mr. Perez. And I hope you'll be able to stay with us and Mr. Lowry.

MR. PEREZ: Yes.

COMMISSIONER DEL VALLE: Very good. Because what we would like to do is proceed to different utilities, but we'd like an opportunity to ask you some questions after you've heard from the utilities. So thank you very much.

First up is the order of the board utilities and the reporting of any of those that follow the reports that we're talking about today with the Illinois Commerce Commission, reports that were created by
legislation sponsored by Representative Davis and
Senator Sandoval and reports that will be strengthened
as a result of the bill that is now rolling through the
process sponsored by Representative Davis. I would like
to start with Richard Mark of Ameren Illinois. And he
will be joined by Ameren's manager of supplier
diversity, Byron Witherspoon.

Let me just quickly say something about
Mr. Mark. We've had the pleasure of meeting and
speaking. It is now my pleasure to introduce Richard
Mark, president and CEO of Ameren Illinois Company. He
is responsible for the electric and gas distribution to
1.2 million electric and 813,000 gas customers across
three-quarters of the State of Illinois. You cover a
lot of ground.

MR. MARK: Yes, we do.

COMMISSIONER DEL VALLE: Before his appointment of
CEO, Mr. Mark was senior vice president of Ameren
Missouri Company Operations. He oversaw customer
services operations, community relations,
communications, customer satisfaction, and corporate
spending for Missouri's largest utility. Mr. Mark
serves on a variety of boards and organizations. He has
received three honorary doctorate degrees for his civic
and community work as well as numerous awards and honors. So thank you, Mr. Mark, for being with us today. Please proceed.

MR. MARK: Thank you. And good afternoon. Thank you, Commissioner, Chairman Scott, Commissioners. I appreciate the opportunity to be here today to talk to you about Ameren's diversity program. I have with me Byron Witherspoon. Byron is the manager of our supplier diversity, and, also, Jackie Voiles, who is our senior director of regulatory affairs. I'd like to -- in fact, what I want to do is take a couple of minutes this morning to give you an overview of how our program has grown and developed at Ameren and then let Byron then go into some of the details of the specifics of our program and the metrics of reporting that we did last year.

As Dr. Lowry said, you know, top management commitment to diversity is one of the keys, I think, to a strong diversity program. And, approximately, ten years ago, the CEO, at the time, of Ameren Corporation felt that it was really important for us to expand our diversity programs in both Illinois and Missouri. And he made an initiative that current CEO, Tom Voss, and our incoming new CEO, Warner Baxter, are also very committed to. And we realized that, as a major
purchaser of materials and suppliers in both Illinois and Missouri, that we can play a significant role in the growth and development of minority vendors and diverse suppliers.

We also -- so we have developed an aggressive program to make sure that qualified and diverse suppliers are encouraged and given the opportunity to participate. So each year we set a goal on diversity spend. We've done this over the last ten years. And our goal is to make sure that each year we make significant improvements to that goal. It's measured by business segment as well as at the corporate level.

On the corporate level, we've done a number of programs that I think has really helped us expand our diversity supplier business programs. One, that we've developed a scholarship program for a minority executive program at the Tuck School of Business at Dartmouth University. Each year we have a symposium and we invite minority vendors to come and meet with senior management and all of the appropriate people that make purchasing decisions. And we also select the vendor the year those vendors are offered an opportunity to receive the scholarships. And I'm proud to say that the two that received the scholarship to go to Dartmouth for 2013
were both minority contractors from Illinois; one from Edwardsville and one from East St. Louis, Illinois. And so we think that's a good start to really help not only get vendors into our program, but give them the skills that are necessary to make them sustainable for the long-term and help them grow the business even outside of the regional area.

One of the other programs that we have hosted that we started last year is that we hosted a diversity festival where over 5,000 employees, their families and vendors, attended and had the opportunity to not only meet different vendors and contractors, but employees were there to really expand on diversity. Not only with our suppliers, but internally, also. And so we think that has really helped get the entire company to really see the value of diversity in our company and get employees at every level. You know, getting top management committed or saying that you want diversity is one thing, but what we found is that you have to drive that through every level of the organization. Some of the decision makers feel -- we cover 45 or 44,000 square miles in the state of Illinois, and sometimes getting that message to all 3,000 of our employees is somewhat difficult. So we try to do a lot
of things internally to make sure that every employee at Ameren has appreciation for diversity, both internally and externally.

At the local level, we conduct linemen and gas worker awareness programs at local high schools because we think it's important to get young people aware of what type of opportunities there are. Not only to be possible vendors and start their own businesses in the future, but also for potential employees. Many -- what we found is that many minority candidates or minority students are not aware of the opportunities for jobs in the utility business, and so we've made an effort to go out to the local high schools. Our linemen and gas workers take their equipment there, take some of their trucks. The young kids love to see the bucket trucks when they come on campus and learn more about the utility business.

We also conduct community diversity outreach programs and events around the state. What we try to do is do that in each of our larger geographic areas of the state so that we make sure we cover the entire state all the way as far up as the Galesburg and Kankakee area and all the way down to the tip of the state near Carbondale and Marion. We also work with a number of
community-based organizations, and we do this on a local
and a regional basis. Each operating center is really
given the goal and given an objective to meet with local
organizations to bring in minority and diverse suppliers
and candidates for our apprentice programs, such as the
NAACP, the Urban League, the Black Chamber of Commerce,
County employment and training organizations, and our
union partners.

It's very important -- we found it's very
important, both from a diversity supplier standpoint as
well as bringing in diverse candidates for employment,
that having our unions on board and having them partner
with us in our diverse supplier efforts are vital to the
success. And one of the -- I think our efforts have
really grown and I think we're starting to see the
results of some of those efforts because just this past
week we were able to bring in a general contractor.
We're in the process right now of negotiating with a
minority-owned firm to rehab our Macomb, Illinois
operating center. And so that's a big move to have them
be the general contractor on that project for us. It's
about a seven-million-dollar project.

And even more exciting to me is that not only
do we have a minority contractor that's going to do the
construction there, approximately, 50 percent of the subcontractors on that job are also diverse suppliers. So, you know, we're not where we want to be, but we are working toward that effort and we're trying to look at new programs, bring in new suppliers, and trying to get the word out more in the area of how we can improve our diverse supplier program.

So I'll turn it over to Byron and ask him to go through some of the specifics that we've accomplished in the last year.

MR. WITHERSPOON: Thank you, Richard. And thank you Chairman Scott, the Commissioners, in particular, Commissioner Del Valle and Commissioner Maye, for bringing attention to this matter. We believe we have a good story to tell. And, as I was listening earlier, listening to Representative Will Davis and Dr. James Lowry talk, a couple of things jumped out at me regarding our program.

One was regarding access. And so part of our program is how do we provide real access for diverse suppliers within Ameren. Two, Dr. James Lowry mentioned development. Our other aspect is, how do we create development opportunities within Ameren. And then the third one for us is sustainability. And so, when we
look at all of our strategies and activities that we
employ at Ameren, it is to address how do we provide
access, how do we create development opportunities, and
how do we provide long-term sustainability? And so how
do we execute?

What I'm going to talk about today is I'll go
through, first, what we buy. I'll take you through a
process of our evolution over the last several years in
terms of Ameren evaluating our supplier diversity
program, and then what I want to talk about is key
supplier diversity strategies. Many of those are placed
in the report. I will talk about a couple of them for
you. And then what I'd like to show you is, we believe
there's a correlation with the growth strategies that we
have in place with historical growth of Ameren's
program. And we'll show you a trend we believe is over
Ameren and something that's consistent with Ameren
Illinois. And then we'll talk about Ameren Illinois's
growth strategies.

And so first I think it's important to
understand what we buy. I won't go through the entire
list, but first we want to start off by talking about
the multiple business segments within Ameren. And so
first we're talking business and corporate services.
And so, when we look at corporate services, it's just as it sounds. We're talking advertising services, legal services, finance, professional services and the like. That is a particular business segment within Ameren. We have a dedicated supply diversity executive that's focused on that particular business segment. And I'll talk in detail about that as well.

As we talk about energy delivery, we're talking about how do we get the energy to the customers. And so, from Ameren Illinois's perspective, that's really in a transmission and distribution area. We also cover some additional energy delivery in Ameren Illinois. You have a supply diversity executive that is dedicated to focusing on providing diverse opportunities for diverse suppliers in energy delivery and obviously a generation on how we produce the power.

And so, when we talk about what we buy in these areas from generation, boiler material services, environmental services, construction services, safety material and the like, that gives you an idea of what we buy. And so, before I get into the key program strategies, what I want to do is talk about how Ameren's renewed focus on supplier diversity occurs and the evolution of our program since around 2006. And so, as
Richard mentioned, leadership refocused our efforts around supply diversity. We moved from more of a practical approach to being more strategic. How do we incorporate supplier diversity within -- I heard the word DNA -- within the fabric, if you will, of Ameren, the Ameren network.

And so, in order to do that, we have to do some self-identifying. We have to become self aware of where we were at. And what we discovered was we were not where we wanted to be. And we still have a long ways to go. But we did an independent assessment, assessed diagnosis, if you will, with a company that's out of Chicago, as a matter of fact, called RGMA, Roger G. Moore & Associates. And this is kind of a template, if you will, for best in class supplier diversity programs.

And what we've realized in 2006 is that we were right about that Level 1/Level 2 program. And what leadership says is, "Hey, that's not good enough. We need to put some strategies in place to continue the uphill climb, if you will, to become around a Level 4/Level 5 program." Right now we believe we are at a Level 5 program, and I'll tell you why we believe we're there. And when you start talking about what that
Level 5 program looks like, you see full-time supply
diversity support and staff got cut off there. But we
have a supply diversity manager, myself, responsible for
Ameren Illinois and Ameren Missouri. And then I have
four supply diversity executives on the team that's each
focused on a business segment within Ameren. So we're
talking about an executive that's focused on business
and corporate services. One is -- two of them that's in
energy delivery, both Ameren Illinois and Ameren
Missouri, and then we have one that's in generation.

I also want to point out that I have direct
and independent access to the same director of supply
services. The reason that is important is because, as
we talk about leveraging the influence of our
leadership, having that direct and independent access
will work for us because we're talking about creating
the kind of culture and being held accountable for
moving the needle, if you will, in supply diversity.
And so our trend, from 2006 to now 2014, we believe
we've gone from a Level 1 to Level 2 to a Level 5. One
other deal that we've done is we've also benchmarked
ourselves with our peer utilities. So we've had some
sessions with our friends up here at ComEd and talked to
them about the best practices and the like, and so we've
kind of been able to grow from there.

And so let's talk about some of our key supply diversity strategies. Many of it I expounded upon in detail in the reports that we filed in February. But when we're talking about senior leadership support and influence, Richard mentioned that commitment. It is really active, ongoing, consistent commitment that creates the culture at Ameren for supply diversity to flourish. We have a terminology in Ameren called the will to win, and the will to win is the will-to-win metric that says, "Hey, throughout the Ameren corporation, as it cascades throughout the organization, we have the will to win." And supply diversity is one of those key metrics that we need to have the will to win. And so, when we talk in terms of ongoing senior level leadership and influence, they're at the top. We meet with Richard, in fact, in briefing just to tell him about some of the things that's going real well in Ameren Illinois.

When we talk in terms of establishing business segment steering committees and goals, the reason that's important for us, for our supply diversity team, we each meet with, on the quarter, with the business segment to talk about what their goals are. So the corporation has
a corporate goal, and then that corporate goal cascades
down throughout each business unit. And each business
unit has a component of that goal that rose up into the
corporate role. And what we've then done is said,
"Well, we're going to have steering committees, and that
steering committee requires all supplier diversity
professionals responsible to that particular business
unit to go and meet with that particular business."

And a couple of things come out of that
meeting. One, they talk about how they're trending
toward their goal. So they have a numeric goal of how
they're trending. Two is to do an opportunity
assessment. And I have that up there, but I'll tell you
why that's important. It's because we want to be
strategic in identifying where those opportunities exist
for where we can identify diverse suppliers. So we call
them opportunity-rich areas.

We recognize that, in looking at all of the
categories, it might not be as fruitful for us to
identify all of the categories that we buy. We want to
be more strategic. And so what we do is an opportunity
assessment. And that basically just says, "Hey, in this
particular category, this is what you're spending. Here
is what our diverse supplier spend is. We believe it's
an opportunity for this category." So you might ask, "Give me an example of what that is." An example would be like, for us, vegetation management. We might say we spend X million dollars a year in vegetation management, but yet we have less than 1 percent of that opportunity that's diverse. That is an opportunity-rich category for us. And so what we do is then our supply diversity executives are more focused on identifying that particular commodity. And so that's what we talk about when we talk about providing opportunity assessments.

And then the other aspect of those steering committees is to socialize diverse supplier groups in the business. And so what we've said is, in advance of a bid event, we need to -- and it's an access point. So when we talk about access, in advance of a bid event, we have to provide the diverse suppliers with the access to the technical experts within the business.

Now, we like to believe we know all of the technical components of the business. We don't. And so what we do is do some preliminary vetting and evaluating to get the diverse suppliers to the business segment, which is what they are asking for, to have the opportunity to present their business services. And what it does is it increases the likelihood of success
once their business becomes familiar with them in advance of the business, the bid event. We believe it's too late if we are asked to identify a diverse supplier at RFP. At RFP, we might identify a supplier. Yet, if the business is not familiar with them, the chances of them succeeding goes down.

And so that is an opportunity for diverse suppliers to come in. In fact, we've been successful. Richard mentioned the McComb opportunity. We had a matchmaking in Springfield just for that particular job. And we had several of our -- some suppliers, a couple of the diverse suppliers, one that we're finalizing negotiations with who was in attendance in that event. We also had some diverse sub suppliers that this particular company will be using attend that event.

Well, that was deliberate. And so, when we're talking about how it was received, it really does underscore that process. Implementing a subcontracting program for diverse supplier participation, well, essentially that's our Tier 2 program.

And so what we do, not only are we asking -- are we looking to do business directly with diverse suppliers, we're asking our prior suppliers as well to provide diverse suppliers opportunity in that Tier 2 or
subcontracting plan. And so what we do is we ask our suppliers to provide a utilization plan on bids that exceed a million dollars. And we say, "Hey, how are you going to provide diverse supplier opportunities as well?" And it doesn't matter for us whether they're diverse or not. In some cases, you will hear, "Well, I'm diverse and we count it at 100 percent."

Well, for us we're still asking. So we have a balance scorecard system. We're asking the supplier, "Well, yeah. You are diverse, but we'd still like to see what opportunities, if any -- if there's subcontracting opportunities there, we'd also like to make those available to diverse suppliers as well. Leadership and participation in local, regional, and national diverse organizations/efforts. Well, we believe superior leadership in those organizations are key for us. They're there for us to identify diverse suppliers. And so, when you hear a bunch of acronyms like NMSDC, National Minority Supply Development Council, we participate in those conferences and trades, or EEI, that's our industry organization. That's the Edison Electrical Institute. On the Illinois side, we might say we're with the Illinois Black Chamber or the Illinois Hispanic Chamber of Commerce. And we'll
come together for events. The Chicago Minority Supplier Development Council will participate in other events.

Once upon a time, there was Wisconsin, Iowa, Central Illinois. We covered downstate. There has since been some consolidation within NMSDC, but now it's Mid-States Minority Supplier Development Council. But those are the types of organizations that we think that it's important for us to participate in and to provide some leadership with as well.

Richard talked about the Tuck scholarships to facilitate development and sustainability. And so, again, when we talk about underscoring or emphasizing our access points, development opportunities, and sustainability, we believe this drives development and sustainability because of the rigor at the Tuck Business School. I heard Dr. Lowry talk about Dr. Bremer, but we have a close relationship with Dr. Bremer. In fact, we're working on our next round of candidates to attend the Dartmouth Tuck School of Business. In fact, over the last several years, many of the suppliers that we've awarded those scholarships to have come from Illinois. In fact, the next one that we're considering right now is right here in Chicago that's doing some environmental work for us that we're considering sending or providing
the scholarship as well. It really gets to sustainability. We want our partners to be able to grow with us.

And then, finally, we talked about symposiums and matchmakers to facilitate access. Well, the symposium has kind of been our signature event, and so we were doing them annually. What we're doing is we're going to a biannual basis with the symposium, and that's really a prime opportunity for access points for us at Ameren. So it matters, if you will, Ameren leadership, our business segment is up with diverse suppliers who are interested in doing business with Ameren as well as providing an opportunity for our prime suppliers to facilitate that matchmaking or those relationships that's going to drive those second-tier opportunities.

What we're doing this year is a series of smaller summits, if you will. So it's not the one flagship symposium. There's a series of smaller summits that we're localizing for the particular business unit. So, in this case, we're talking, for Ameren Illinois, we're going to have something specific for Ameren Illinois. We're looking to do that in the fourth quarter of this year. We just had one last week, and that was specific for generation. And so those
companies that were interested in doing business in our generation space, that's -- they came to that, and then we'll resume the symposium next year. In fact, I think the chairman has come out to one of our symposiums that we had last year in St. Louis.

And so, when we talk about our strategies and activities, the reason we show this graph is this is the trendline, if you will, of Ameren Corporation. And so, when you look back at 2008, we were doing less than -- we were right at 4 percent. And that's when we had more of a tactical program, if you will. And so it was about 104 million. And on the top line there, that's really our total spend of what we spend, Ameren Corporation. And the red trending line, if you will, it is the diverse spend.

And so what we've tried to do is capture where we spend and where our percentages were. And then after we executed some of our program strategies and activities, we saw a correlation with the spend increase. And so, when we look at 2013, which is in the report that we just filed -- now, this is Ameren Corporation -- what you'll see, from Ameren Illinois's perspective, is a similar trend line. And so, for example, we finished the year with Ameren Corporation at
226 million on the total spend of like 1.9 -- $1.9 billion. But I show that trendline because we believe there is a correlation of the program strategies we put in place and how our spend has increased as well. And that trendline will be consistent as well for Ameren Illinois over the last -- over the last several years.

So let's talk about Ameren Illinois's growth strategies. So, as we think about what are we doing in Ameren Illinois to provide increased opportunities for diverse suppliers, and so, when we talk about sustain and expand our subcontracting program or our Tier 2 program, what we're doing is going back and studying our prime suppliers and looking for additional opportunities to provide for facilitating growth opportunities for diverse suppliers.

And so we have a list of, right now, prime suppliers over, roughly, about 50 or so suppliers that we have employed. We are going through and scrubbing that list again to see where we can identify additional opportunities for prime supplier to support Ameren's commitment to supplier diversity. We talk about our focus efforts to create a sustainable base. Well, we recognize, in our out years, some of our long-term spend is going to go away. Projects can't go on forever.
And, in some cases, we have diverse suppliers that's some year-over-year spend that helps create that base. Well, we recognize and we've already forecasted that that spend is going to go away. And so what we've begun doing now is try to fill the pipeline. So we're saying, "Hey, what's going to close that gap for when this project goes away?" We have a couple of opportunities that we believe is going to help close that gap. The other opportunity for us is really pursuing what we call one-hundred-thousand-dollar opportunities. And so those are the trial opportunities, if you will.

If you want to get the business segment comfortable, we want to find some opportunities that we believe suppliers can succeed on. And so what the business segment has said to us is, "Hey, if we can find some opportunities where we can give a trial run, if you will, to a supplier that could bid this work that may not be critical in the long run, let's do that." And so we're focusing on that in terms of filling a pipeline.

We've already had some successes. We're working on a few more. I'll tell you one. We have one in the room now that we've teed up over the last three years. And we finally got the business in that and they
finally were successful in sharing with me today. In fact, I got an e-mail about a month ago or so that said now they're doing some work, a company out of Chicago, they're doing some work with Ameren.

But we've been working on trying to provide that opportunity. We have another individual that's working with some of our vegetation management, a women-owned business that's going to provide some shipping for us. Not directly for Ameren, but working with our vegetation management company. Now, that's a trial basis. But the idea here is to provide an opportunity then and leverage it across the Ameren system. And so, really, when we're talking about how do we work toward creating some development and sustainable opportunities, that's how we're being intentional about doing that.

The doing business with Ameren workshops, I talked about that already. So that's the symposium and those smaller, localized summits, if you will, but we believe that's going to help increase our access to getting beyond the supplier diversity professionals and getting more to the business segments, and then we're going to continue with the Tuck program scholarships at Dartmouth. We believe those can make long-term
sustainability for us.

In fact, I heard a lot about the awards and recognitions. Part of what we kicked off this year is in awards and recognitions is because we recognized, without the business, the business segments are being fully on board. And without the active engagement of our senior leadership and their support, then we don't -- we're unsuccessful or we're less likely to drive the type of long-term sustainability that we're looking for. So the Tuck program really does help us drive that. To date, we've probably sent, you know, I want to say, maybe, 15 or so contractors to that program. And they go through a week's worth of intense training around finance, marketing, business planning and that. And so it does work well.

We have a couple of companies that's actually mentioned their growth for things that they've been able to extrapolate from the Tuck program and incorporate into their business to help them be successful. Not only with Ameren, but with some of the other utilities as well. Now, we're interested in the opportunities with Ameren, of course; but if it's able to help them become -- grow and flourish, that's all the better.

MS. VOILES: So we'd be happy to answer any
questions you guys might have; or if you're going to hold questions until the end of the session, that's fine as well.

CHAIRMAN SCOTT: I think we'll hold them for the end. Thank you.

MS. VOILES: Okay. Thank you. Thank you all.

COMMISSIONER MAYE: At this time, we'll ask ComEd to step up. I believe that ComEd has group presentations, but I will give an introduction for the president and chief executive officer, Anne Pramaggiore.

Anne Pramaggiore is the president and CEO of ComEd, which has 5,700 employees. ComEd is a unit of Chicago-based Exelon Corporation. ComEd delivers electricity to, approximately, 3.8 million residential and business customers across Northern Illinois or 70 percent of the state's population. Pramaggiore joined ComEd in 1998 to work on the company's transition to open a competitive market under the Illinois Consumer Choice Law of 1997. She began working with the ComEd legal team before moving into regulatory affairs and working on significant components of the Consumer Choice Law. Prior to her appointment as president and CEO of ComEd, Pramaggiore served as the president and chief operating officer.
Before being named president and COO, Pramaggiore managed customer operations and external affairs. She was promoted to her current position in February of 2012. She is the first female to hold the position of CEO with an electric utility. She is a graduate of DePaul University School of Law and Miami University in Oxford, Ohio. We welcome you, Anne.

MS. PRAMAGGIORE: Thank you.

MS. SHERROD: Good morning. As Commissioner Maye indicated, we have a few speakers with us today. I'm Melissa Sherrod, vice president of regulatory policy. So good afternoon, Chairman and Commissioners.

I also have with me, as Commissioner Maye pointed out, Anne Pramaggiore. We also have Fidel Marquez, who is senior vice president, government and external affairs, and Michelle Blaise, vice president of engineering and project management.

I'm going to quickly turn it over to Anne; but before I do so, I just want to introduce the agenda, the topic and the parts that they'll be covering. Just to give you context, when we think about diversity inclusion, we think of it very broadly. Supplier diversity is definitely a part of it, but also we think of it in terms of the workforce, the workforce
development as well as how we think about it in terms of the company, so the company philosophy. And the remarks that you'll hear from all three of our presenters will focus on that.

We also believe we've heard sustainability here today, and the best place to make sure something is sustainability is to get them early. So we have several programs that we support to attract the youth and next generation of workforce into this industry.

So, with that, I'll turn it over to Anne Pramaggiore, CEO and president.

MS. PRAMAGGIORE: Thank you, Melissa. Chairman, Commissioners, good afternoon. We're pleased to be here and to talk about this very important topic. It's really a part of our corporate culture, diversity and inclusion, and we want to share with you today how we think about it broadly, as Melissa indicated, and then Michelle and Fidel will talk more specifically about the supplier diversity aspects of it, but it really flows from the whole culture that we try to set at ComEd.

And, as Dr. Lowry indicated, the job of leadership is really to set the vision, to make the case, and to create the culture. And everything emanates from that. So that's the piece that I want to really start out with
today.

We believe very strongly that creating and maintaining a diverse workforce and a culture where diverse people thrive inside the organization and as partners of the organization not only makes us stronger and smarter, but it's really essential to being successful in the future, and I think particularly so for the utility industry. We're an industry that's facing great disruption and great challenges. Succeeding in the evolving environment that we have in front of us is going to require the best talent and really the most innovative minds. And if we are self-limiting on the pool of talent that we draw from, we're just not going to be successful.

The utility business, I think, is unique in another way in that we serve every consumer and every community in our service territory. We don't have target markets. We serve everyone. And so we do well when our customers and our communities do well, and that's the only way we do well. So understanding all of our customers and having the pulse on all of our communities is essential for our success and I think even more so as we move forward.

So, as I indicated, my colleagues are going to
provide you with more detail around what we do in
supplier diversity, but I want to give you a sense of
how we think -- how we structure our thinking and our
work in the company around diversity and inclusion.
It's a core value. As I've indicated, it starts at the
very top of the company, Chris Crane, Exelon-wide.

And we have five elements and we create a plan
around these five elements. And the five elements are
developing a diverse workforce, creating an inclusive
workplace, enhancing supplier diversity, supporting our
diverse communities, and demonstrating leadership and
diversity and inclusion. We create a plan with goals
and action items around each of those elements. We have
accountable, responsible parties assigned to each of our
actions. And we move forward, and that's the way we
work every year.

I feel strongly that, in creating the culture,
this work has to be part of the line organization. And
the two people that you see with me today are part of
the line. That's the business they do. This is a part
of their work and they are responsible for that and hear
discussion on that in their performance reviews each
year. So let me just give you a few examples of the
work that we've created under several of these elements.
To create a more diverse workforce, we've developed a summer internship program. We call it our Youth Ambassador Program. This summer this program will bring in 150 young people to learn our business. And last year the class was well over 50 percent diverse. Last year we developed the Construct Job Training Program in conjunction with 18 of our construction industry partners. We have engaged the Chicago Urban League, the National Latino Educational Institute, and the YWCA as well as Bethel New Life to help train the diverse apprentices that we brought into the program, train them for the construction field. These candidates then do on-the-job training with ComEd and our partners. I would also like to add our internal union, Local 15, began a Minority Labor Council just this past year, and one of the leaders, Andrea Simmons, one of our linemen -- linewoman is here today. She is one of the leaders on that newly developed council.

Those are some of the things that we're doing to develop the pipeline around a diverse workforce to increase supplier diversity, and you'll hear more about this activity. But we're an active participant in the Chicago United Five Forward Program. We're actually a founding member. Under this program, we make a
commitment to establish or expand existing relationships with five local diverse firms. And Stephanie Hickman, from Trice Construction, is one of our suppliers that we've worked with for a number of years and she's here today.

In an effort to bring our own suppliers into the fold to help them promote diversity as well, this year, for the first time, we're going to give out a supplier diversity award in order to recognize those suppliers who do the best job for us in helping to support our company values. To support our communities, we introduced, two years ago, the first in the country energy workforce program, which employs individuals with developmental disabilities to educate the community on energy efficiency. This year we just partnered with World Business Chicago by participating in Chicago Anchors For a Strong Economy, or CASE, for a collective effort of Chicago anchor institutions. ComEd and CASE seek to build a capacity of neighborhood businesses to be able to bid competitively on anchor institution contracts.

So those are some of our efforts. You'll hear more about the results of these efforts, because that's what really matters at the end of the day. And we're
among the first to recognize that this is an evolution. It's a journey and one that requires work and, as it continues, improvement. We're not done. We're not there yet. But just a few data points to give you a sense of where we are on the journey.

In 2013, almost 50 percent, 48 percent to be precise, of ComEd's executive team was diverse, a woman or a person of color. In 2011 to 2013, approximately, 45 percent of ComEd's hires were women or people of color. In the supply realm, in 2013, ComEd spent $1.3 billion with third-party suppliers, 23 percent or $350 million was spent with diversity certified suppliers, and that was a 22 percent increase over 2012.

My colleagues will provide you with more detail, but I wanted to give you an overview of conceptually how we think about diversity and inclusion and how you drive it through the organization and where we are. Thank you.

COMMISSIONER MAYE: Thank you.

MR. FIDEL: Thank you, Anne. And thanks again to the Commission for inviting us here today. We're very happy to share our story and what we're doing. I'm going to talk to you a little bit about diversity and our workforce development efforts.
You know, as we create the grid to meet the needs of the 21st century, we're placing heavy emphasis of also creating that leadership and the workers that will take over the responsibility for this grid and lead us into the future here. So diversity is certainly central to this approach and we're doing this in very integrated ways.

In addition to the stats that Anne provided, I wanted to share that we've been very successful recruiting diverse candidates into the entry-level roles that feed into our skilled craft positions. In 2013, in our skilled craft schools, 47 percent of the skilled craft trainees were women and people of color, 47 percent. And Anne here is certainly evidence of that.

We're also utilizing a management pipeline program to bring in a diverse group of college entrants into entry-level positions, including engineering. In 2013, we included 105 college interns, 48 engineering, 57 others. This included a group of 46 percent minority and 41 percent female. But we also recognize that this diversity inclusion needs to start earlier in the education process, not just at the college level. And we have several educational initiatives that support this, including the ComEd Exelon Stay in School Program
where we work in three high-risk communities in Chicago. Since we started that program in 2006, the graduation rate for the students in that program is above 90 percent compared to their colleagues, which circles around 60 percent. In fact, this program was nationally recognized by the U.S. Department of Commerce Ron Brown Award For Community Corporate Leadership in 2006. And we continue with this program today.

We also support programs very actively, such as the Chicago Public Schools Science Fair, certainly, the Aurora-based Illinois Math and Science Academy, and other programs throughout the region as well. And we're placing greater support for programs that introduce young women to careers in science, technology, engineering, math, or STEM, fields in which where women have historically been underrepresented. We just launched an initiative this year aimed at harnessing the talents of young women today. We're helping them experience an opportunity to encourage, certainly, innovation, creativity, and invention. We're bringing together elementary and high school students, along with college-aged women to participate in a challenge to innovate.

We're leveraging our refrigeration recycling
program, which we just hit our 200,000 refrigerator recycle, I might add, in driving energy efficiency as we're going to ask these teams to partner with ComEd employees, ComEd women employees, to work together to create a car, recycled -- made from a recycled refrigerator. We're going to call this the Icebox Derby Project. And we really hope that this is going to incent a lot of creation here. The best entry will win a college scholarship. So we're hoping to hear more about this project. We'll tell you more about this project in the coming weeks.

As Anne mentioned, we continue partnering with high school students. We're working with After School Matters. We're providing more than 100 Chicago-area high school students with opportunities to learn to become energy specialists. The 15 top ambassadors of this program will be hired for yearlong part-time jobs at ComEd. We've also started the nation's first program in which individuals with developmental disabilities educate customers on energy efficiency. We're also excited about the progress being made to help minority populations get the training needed to pursue opportunities in the utility industry.

We've been partnering with City Colleges of
Chicago and the Dawson Tech Institute. We've been doing this since 2006. It's really a great program. There's, approximately, 80 students a year, mostly minorities. It's a six-month program and about 50 graduate. Upon completion, graduates are prepared to work as apprentices.

And, as mentioned, we kicked off our Construct Program. Commissioner Maye was present at the kickoff, along with several members of the General Assembly. And this is a program in which we are working with four community organizations. Anne mentioned 18 vendors. We also have support from organized labor in the IBEW and the International Labors' Union in really creating a program that I'll say is at the pre-apprentice level. We saw that in the pipeline, that there was really a need for more minorities to get into the apprentice pipeline and that sets up the program at that level.

And it's not just -- I think the unique part about it is all of the partnerships. But it's not about the pipeline for ComEd, but for the pipeline for vendors as well. This is not just enough for the vendors to be diverse, but, certainly, the workforce behind it to be diverse as well. This eight-week program will have about 60 participants. It's now in flight and we look
forward to telling you more about it.

I also want to mention that we enjoy strong and productive partnerships with a wide range of national diversity organizations, such as the Society of Women and Engineering, Society of Hispanic Professional Engineers, and the American Association of Blacks in Energy, and the National Society of Black Engineers, and, of course, the National Latino Educational Institute with their career events. We are pleased to partner with these organizations that are doing really a great job in serving the interest of minorities in the energy fields and we're especially proud of the many ComEd employees identified by these organizations and serving these organizations as future leaders of our industry.

Thank you again for the opportunity to be here today. I'll now turn it over to vice president of engineering Michelle Blaise.

MS. BLAISE: Thank you, Fidel. And good afternoon, everyone. It's a pleasure to be here. As vice president of engineering and project management, I work closely with many people internal to ComEd, as well as suppliers, to really plan and build the infrastructure work that we do to improve the system performance. This
gives us an opportunity to really not just focus on improving customers, but also engage with minority and women-owned businesses to grow their work with us. Some areas that we -- a few key areas that we've been able to do are really mentoring, focus on sustainability, and growth.

In the monitoring area, some examples of what we do with NWBEs is we will proactively introduce them to some of our prime vendors to make sure that they're meeting and talking about what they do and what their capabilities are. When we evaluate a bid or a project that's going on for bid, we use several criteria. We have a weighted scoring system that we use. And the criteria that we use to score bidders for projects include safety, quality of work, technical experience, as well as diversity. So our vendors that bid on our work know that diversity is a key component, that we will evaluate them on how much they engage and include diverse companies as part of their work.

We also, in terms of sustainability, with the Energy Infrastructure Modernization Act, it's more than just a program of work to improve system performance, as I had mentioned earlier before, but it also gives us a huge opportunity to grow capabilities of NWBEs in areas
that are core to a utility; engineering, electrical
construction, IT work, as well as technical consulting. We are doing a lot of work around -- and I'm very proud and I'll talk about some of the specific NWBE companies that we work with and EIMA may have helped them grow.

Primera Engineering is a Hispanic-owned engineering firm that started with us in 2005 as a subcontractor to a large engineering firm. Currently, about two years ago, they became our engineering of choice for distribution engineering work. Now, they're doing substation engineering for us as well and supporting us in growth programs. They've almost doubled their staff as a result of the increased work that they've gotten with us.

Choctaw-Kaul is a Native American distribution for safety products. They've grown to the point where they're out of Michigan. They're a contractor with us. They moved and opened up a facility here in the Illinois area and it employed 13 people as a result of that.

MZI Group is a Hispanic and veteran-owned association. They started working as a subcontractor to a major contractor with us doing a few vaults, vault work, maintenance on our vaults a few years ago when we initiated the energy Infrastructure Modernization Act.
Now they're doing thousands of manholes, maintenance work for thousands of manholes a year, primarily, in the Chicago area, as part of that work.

PMI Energy Solutions is an overhead electrical contractor, an African-American-owned organization, that, as a result of the work we're doing, which started as well a couple of years ago as a subcontractor for one of our major contractors. Now, we're direct awarding them work, major work, multiple years of programs of work, as well as Trice Construction, a civil construction firm who has been doing subcontracting with our major firms. And now we're direct awarding them work because they've gained the capacity to do work with us.

I did want to highlight how we've worked through monitoring, through making introductions, really working and communicating to our major contractors and our prime contractors that this is an important area for us. We've been able to grow to capacity as a lot of, quite a few, a lot of NWBEs are to a point where they're now direct working with us directly and contracting directly with us.

With that, I'll turn it back to Anne Pramaggiore.
MS. PRAMAGGIORE: Thank you. I think that concludes our presentation. We're happy to take questions or wait and take them later.

COMMISSIONER MAYE: Thank you very much. We'd like to hear from all of the utilities and then we will ask questions at the end.

MS. PRAMAGGIORE: Thank you.

COMMISSIONER MAYE: Thank you all for coming.

COMMISSIONER DEL VALLE: Thank you. Our next presenter is Nicor Gas Company. We have Hank Linginfelter, the executive vice president of AGL resources, Nicor's parent company.

Mr. Linginfelter has been serving as executive vice president of distribution operations since December of 2011. As chairman and CEO of the company's seven utilities, Mr. Linginfelter is responsible for all operating functions of the utilities, as well as overall responsibility for regulatory and governmental affairs, economic development, and supply chain. Mr. Linginfelter currently serves on several boards in Atlanta and he also serves on the Leadership Council of the American Gas Association. He has a bachelor's degree in industrial management from Georgia Tech and a master's in business administration from Georgia State
Mr. Linginfelter, thank you for being with us.

MR. LINGINFELTER: Thank you so much, Commissioner Del Valle, and thank you, Commissioner Maye, Chairman Scott, and to all of the Commissioners. We appreciate the opportunity to be here. It's something that we have great passion about, supplier diversity. And, also, I'm here on behalf of Beth Reese, the president of Nicor Gas. She could not be here. Although she isn't here, she shares the passion that I and our company have around not only supplier diversity, but workforce diversity. And we're very honored to be here and appreciate the efforts from the Commission and from our legislature around this initiative. I am excited to tell you a little bit about our successes, but also that we have many things in the future we would like to continue to do. So we'll talk some about our accomplishments, but also about plans for 2014 and beyond and our goals.

At our company, we know there is more than just a good way to do business. There is also the right way to do business. And we believe our role as a utility that has four-and-a-half million customers across several states in the country is one that has
great stewardship attached to it. And we take that seriously and deliver to the best of our ability on that stewardship. In addition to that, we believe supplier diversity is important for our employees, our investors, our customers, certainly policymakers and leaders. And for our employees, in particular, they expect -- our diverse workforce expects our company to walk the talk as a company that believes in diverse suppliers and being successful in that area.

The Commission's focus on this area, as well as our legislatures through Representative Will Davis and others, is an enabler for a company like ours where we want to get internal support, as well as external support, for supplier diversity. So we are thankful for the legislation and also for the emphasis today by this Commission. We appreciate that very much.

Let me talk a little bit about our foundational principles around supplier diversity. They start with advocacy groups to development through the procurement and then to reporting. And I'll describe, in some more detail, what those items really mean and explain those, the actual steps we're taking to be successful in those four areas in our supplier diversity program. Today, I want to highlight several 2013
projects, our goals for 2014 and initiatives that will foster a program of success and help us build against and reach against our long-term objectives.

Let's start with internal initiatives for 2013 and 2014. Some things that we've already done are not dissimilar from what you've heard already today, but we've really worked to enhance our supplier diversity team. We put in a managing director of supplier diversity, as well as a managing director of workforce diversity. They are both here in the room today for our company, and they have corporate-wide responsibilities for these areas. And we've continued to and make sure we're properly staffed around the support functions for those efforts.

We have implemented additional supplier diversity training for our supplier chain teams so that they are focused on how to best recruit diverse suppliers from across our footprint, and we've implemented specific supplier-diversity-related performance goals for our employees. Those will eventually come with compensation requirements next year, but today we actually do have goals for our employees. We report regularly to our CEO and Chairman, John Somerhalder, who you've heard from before here in
this room, and we report to our board of directors regularly around our accomplishments on supplier diversity, and our board is very focused on this area.

In 2014, we have a number of planned initiatives. We will launch a tracking tool -- it's just about done -- that will not only track our Tier 1 spending, which we did pretty well today. We are not as good as tracking our second-tier spending with diverse suppliers. And we believe there's, in most cases, unmeasured spending today because of our second-tier spend that we will capture as we move forward.

We have a commitment, from all levels in our organization, to support our goals around supply diversity, and we cascade them throughout the organization. We will develop this year a supplier diversity council to drive enterprise-wide goals around supplier diversity and engagement, collaboration with key leaders to support our initiatives, and we will promote AGL Resources' LEAD Council throughout our entire organization.

LEAD Council is what some companies will call a diversity council. It looks at workforce diversity and often supplier diversity. LEAD, in our company, stands for leadership, empowerment, acceptance, and
diversity. And I'm proud to tell you that the chairman of our LEAD Council is Beth Reese. So even though she's got a full-time job for running Nicor Gas every day, for our entire corporation, Beth is responsible for chairing our LEAD Council. And, as I mentioned earlier, is very passionate.

So externally some of the things -- we've heard a little bit about some of this already, but we did host our Nicor Gas Creating Opportunities For Diverse Suppliers Workshop. You've heard from Representative Will Davis, who was there. I believe others were there, as well, from this Commission, including Staff. And we were very proud of that effort. And I'm very pleased to report to you, with more than 60 small and diverse businesses attending, we've already contracted for work out of that initiative. So we have new diverse spending that resulted from that workshop.

We've also fostered more with the Chicago Urban League in partnership with them. We have a board member on the Chicago Urban League, Anthony McCain, who is here in the room today, one of our lead vice presidents in the corporation here at Nicor Gas. And we've built relationships through event participation, and you can see some of the organizations that we are
working closely with of various backgrounds and types to make sure that we are focused on and engaged in the right activities and working with the right organizations across Illinois. And we have also participated in a number of other events and will continue to do so as we move forward in making sure we're effective around supplier diversity.

Now, from advocacy, a number of things we've done around advocacy include things like our infrastructure construction engineering summit. We'd like to hire more diverse lawyers. That would be fine. We only spend several million dollars in legal fees. We spend several hundred million dollars a year in construction. And so the closer we can work down to where our pipe is, the more opportunity there is to hire and contract with diverse suppliers. So we'll do professional trades really well, but I will tell you today our biggest opportunity, I believe, in a company like Nicor Gas and AGL Resources, is getting people involved in where we spend the most money, which is largely in our capital programs.

And the legislature did something great in the qualified infrastructure program legislation that, in essence, brought us here today. They allowed us a
thoughtful and structured way to spend money on renewing our system over time to make it more reliable and more safe, and it gives us an opportunity now to hire diverse corporations, companies, individuals, contractors to help execute against a very, very good capital program that we'll execute over the next several years.

This year we're hosting the 2014 version of Nicor Gas Creating Opportunities For Diverse Suppliers Workshop. We hope that that will yield more opportunity for diverse suppliers in our business. We'll continue to participate in speaking engagements. We'll continue to engage with all of these organizations you see on the right hand of the slide. And we'll continue to collaboration with those organizations, attend events, develop relationships, build trusting friendships, and contract for diverse business.

Lastly, Beth Reese was a keynote speaker at the DCO and Business Owners Symposium, that's Women Business Owners Symposium. Earlier this month, several members of our company attended an Exelon-sponsored Chicago Minority Investment Management Forum. We made contacts with minority-owned investment institutions, another opportunity. There is a fair amount of money to be spent when there's pension plans or financing with
banks. We'd like to see more of that in the finance business. It's an area where I think utilities, generally, and certainly our company, have lots of upside. We've been very undiverse around finance operations and we see enormous opportunities over the next several years in that area.

So let's move to development. I shared earlier we're committed to our business, to see our business partners thrive. And a great example of this is something we've done for a number of years in AGL and, more recently, at Nicor, which is a mentoring program that allows us to partner with a diverse supplier and help them navigate the waters of doing business. We have to make sure they're effective as possible.

A couple of really good examples of success around our monitoring program in the last few years here in Illinois, we have partnerships with Millhouse Engineering and Urban GIS. Through our supplier diversity business development program, both of those companies have been elevated from second-tier status to first-tier status. So our spending is direct with them and growing. And we're establishing strategic relationships with many of our first-year partners to
identify more opportunities for second-tier vendors. First-tier suppliers who are diverse often will have second-tier suppliers who are diverse. First-tier suppliers who aren't sometimes will and sometimes want. We believe there's lots of opportunity to identify more second-tier partners with our first-tier; particularly our nondiverse first-tier partners, we think there's a lot of opportunity.

And then making sure we're targeting areas of our shared services organization, which I talked a little bit about. That's the accounting functions, the legal functions, advanced functions, all of those shared services, make sure that we are fully leveraging our opportunities in those shared services organization.

More recently we have -- in procurement, we have improved our process for procuring business. Now, our RFP process scores and grades value is diverse supplier status and we evaluate that in a matrix. It's a balance scorecard just as we heard in earlier discussion about it. But we do evaluate each RFP and place a measurable value on whether the vendor, who is bidding for the business, is a diverse supplier. This factor is measuring several other criteria, but it is certainly an advantage to have diversity in the mix for
This year we're modifying our existing contracts and our future contracts with vendors and contractors to add more rigor and emphasis around the support for our supplier diversity goals. We will be working that through that second-tier process that I mentioned earlier to make sure that any contracts we specify a value or a preference for diverse second-tier vendors. So we look forward to success from those results as well.

Now, moving on to reporting, I mentioned earlier we do need some investment, and we're making that investment right now in our supplier chain technology platform to help us track and store how we're doing not only with first-tier vendors, but with second-tier vendors who are diverse. And that process is virtually complete. We want to encourage our network to provide meaningful contracting opportunities to small and minority-, women-, and veteran-owned business. And, obviously, we'll continue to report those results to this Commission, but we'll also continue to report those results to our corporate board of directors, our chairman and CEO, and our executive leadership team. And I'm excited we're going to have better tools to do
that reporting to you, but also inside our company where it is very important to us.

And then on next slide, before I dive into our 2014 goals, I want to share a bit of where we have been, which has helped determine where we're going. From 2012 to 2013, happily we saw an uptick in our spend with diverse suppliers. Our MB spend increased from $2.6 million to 7.6 million in a year's time, so it was a tripling of our spending with MBE. It's still a small number. One we're still not satisfied with and not really proud of, but we are very pleased we tripled our spend with MBEs.

Our WBE spend increased from 6.3 to $8.3 million, and that was a 32 percent increase in spending year over year from '12 to '13. And our SB spending went from 19.6 million to 27.7 million, so that was an increase of 41 percent in small business. Now, we have a positive trajectory and we're working to continue to do better and we are not satisfied with where we are.

I placed in our 2013 actual numbers and our 2014 goals on one page so that you could see easily how we're doing on those. And we also want to tell you the whole story about where we are with our spending. The charts note our total diverse spend results, including a
small business, along with minority-, women-, and veteran-owned businesses. And I'm going to focus in specifically on our results and goals with minority-, women-, and veteran-owned businesses. That is where our emphasis is and needs to be.

You can see, in 2013, our spend with minority-, women-, and veteran-owned businesses was 5.37 percent of our overall eligible budget. Our 2014 goal is 9 percent, so it's a substantial increase in our performance year over year that we are aiming for. And in 2013 our spend on minority-, women-, and veteran-owned businesses, as I mentioned earlier, was a total of $15.9 million in 2013. Our goal in 2014, from 15.6 to $23.8 million.

Now, in spite of an 11 percent decrease in our projected-eligible spend, so our spend actually is going down year over year, we are targeting to increase our total diverse spend by more than 25 percent compared to 2013. The main factor in our decrease in our spending that's eligible is a decrease in the funding on our energy efficiency programs, and that is where some of our minority spend and women-owned-business spend has been. But we're going to overcome that with more spending in those areas for 2014. So smaller overall
spend is a larger percentage for minority- and 
women-owned business. And, going forward, we anticipate 
increasing our eligible spend, and thus, in turn, our 
total diverse spend going forward year over year in '14 
to '15. And that will be largely what I foreshadowed 
earlier, a lot more investment in capital programs to 
build a qualified infrastructure program that will be 
presented to the Commission earlier this year.

Now, I mentioned we want to be at 9 percent 
next year and we want that number to continue to rise in 
the coming years. We will not be satisfied until our 
diverse spend exceeds 20 percent moving up, trending 
towards a 30 percent total over a several years period. 
It's not something that will happen in a year. It's 
probably not something that will happen in two or three 
years. But over the next five, six, seven, ten years, 
we would like to see our spend reach well above 
20 percent targeted towards 30 percent. And our entire 
team will not be satisfied until we've done that.

We do see business partnership limitations in 
certain areas. For example, many current and 
prospective partners face challenges accessing capital 
to expand their businesses, and some potential partners 
do not understand the process for becoming a certified
diverse vendor. You've heard some of that earlier today. We know that these are areas where we can work collectively with you, as our regulators, with policymakers, with legislators, with other businesses, our fellow utilities, and other organizations to help support and close our gap on diverse spending. I firmly believe we can get to our goal and I know that our entire team is committed to doing so and we're excited about that opportunity.

Finally, I want to conclude with our overall commitment around this area. We're excited about where we're going. We're excited about our progress, even though we're not satisfied about it. We want to ask for your partnership so we can work together and meet our goals to engage diverse business partners. We want to attend events. We'd like to have you there if you can be there at all. Many of your staff members have participated, as I mentioned. We'd like to continue to do that and we think that's very enabling. And we believe it helps Nicor Gas and we believe, for example, creating opportunities for a diverse suppliers workshop is a great example of where both the Commission, our company, and members of the public can engage.

We appreciate the opportunity to participate
in events that you host or that you're sponsoring. We appreciate your emphasis on supplier diversity. As I mentioned earlier, it is very enabling to have you emphasize this area for a company like ours and we thank you for it.

Finally, we look forward to having the opportunity to continue these conversations. I appreciate your time today. I appreciate your willingness to support us, your patience and yet your impatience, at the same time, to see progress around this area. And we thank you very much for that. Thank you.

COMMISSIONER MAYE: Thank you very much for coming.

CHAIRMAN SCOTT: Are you okay? Do you need a break or anything?

THE REPORTER: I'm okay.

COMMISSIONER MAYE: At this time, we'll have Peoples Gas. Joining us from Peoples Gas is Mr. Willard Evans, the president of Peoples Gas and North Shore Gas, regulated natural gas utilities owned by Integrys Energy Group.

Mr. Evans was appointed president in June of 2008 and is responsible for the strategic, tactical, and operational direction for natural gas operations in
Illinois. Mr. Evans began his career with Peoples as a summer engineering intern before joining full-time in 1977. In his nearly 39 years with the company, Mr. Evans has held several senior positions across the business. In 1997, Mr. Evans was vice president of informational technology services, a position he held until 2003 and he was promoted to vice president of operations.

In October of 2004, Mr. Evans became vice president of gas supply engineering rising to assume the role of vice president of gas engineering in 2007. Mr. Evans holds electrical engineering and management degrees from Northwestern University.

We welcome Mr. Evans along with Arti Shadid, the director of strategic sourcing for Integrys Energy. Welcome.

MR. EVANS: Thank you, Commissioner Maye, Commissioner Del Valle, Chairman Scott, Commissioner Colgan, and Commission McCabe. I also want to thank Representative Davis for being here and campaigning this cause in the state of Illinois.

When I sat down and listened to Dr. Lowry's comment, it brought something to mind. He made a comment of the utility industry taking the lead on
vendor diversity many years ago. And not just vendor
diversity, diversity itself. And, I myself, was a
product of that. And when you look in the State of
Illinois, I think we should all be proud that the
utilities are led by diversity. They have diverse
leadership that's represented in this room and the many
conferences and events I attend I think is pretty
profound at the State of Illinois.

When I go to any meeting -- I'm also on the
leadership council of AGA. When you look in that room,
the diversity is also there, both on the electric side
and on the gas side. And as Dr. Lowry said, it takes
leadership, leadership at the top, to make effective
change. I think that leadership is also -- before we
talk about vender diversity, we should talk about
diversity of the workforce because that diversity will
help drive vendor diversity.

Peoples Gas is an old utility, over 150 years
old. When I started working for the company almost 40
years ago as an intern -- maybe 40 this year -- there
was very little diversity, if none, in management.
There were no diverse officers. There were very few
diverse managers in the company. But that's not the
case today. Peoples Gas has over 52 percent persons of
color representing the company across all realms, from
the very top down throughout the entire workforce.

We're also proud of how we get and onboard
people into the company, and our union workforce makes
up a great deal of the Peoples Gas. And we partner with
the City Colleges of Chicago in creating a program that
happens to be targeted at veterans because there's money
there. We onboarded about 70 people out of that
program, mostly veterans. And that program was featured
last fall on national-wide syndicated television, on the
Today Show, talking about our program and how it
benefits veterans, again, a focus on our culture in
creating diverse -- opportunities for diverse employees,
finding ways to onboard people, supporting them from the
very inception into the program, all the way up through
management, throughout a person's career.

We talked a lot about jobs. We have careers
in the utility industry. They're not just jobs. A job
sometimes is there and it is gone; but for most of us,
we are career employees which you start out of college
or out of high school and you retire one day 40-plus
years down the road.

Before I turn it over to Arti Shadid, she is
the director of strategic sourcing, I want to just
highlight our commitment to vendor diversity. As I had mentioned before, diversity goes beyond just vendor diversity. Peoples Gas is a part of the fabric of the City of Chicago. The City of Chicago has been our service territory. I'm also president of North Shore Gas, which has served 54 communities in northeastern Illinois. We feel our workforce represents that and we are working toward having our supplier base represent that also. We know we can and we should do better.

The challenges -- and, actually, Hank mentioned that -- that one of our challenges is finding firms who are going to work on installing a natural gas facility. That's where the growth over time of our spend this year and for the future years are going to be as we replace the aged infrastructure that serves the city of Chicago. These are very large projects. You have to find companies, diverse companies, who can handle that. We have to find companies that have the bonding and the safety programs that are critical to our work, including having federal-mandated random drug testing for their employees.

Another thing one of our predecessors mentioned is working with the local unions who define the workforce for our contractors. Like I have control
over the diversity of my workforce. And one reason --
another reason to push vendor diversity is so that
diverse vendors employ diverse people. And our
contractors pulled that pool from -- they're primarily
for people that's the laborers' union, and the operating
engineers are the vast majority of the workforce that
our contractors use. You have to find a way. You have
to work to getting it. The Urban League, we partner
with the Urban League to do that, and I think we all are
beneficiaries from it. We have to find ways to take and
put people into those apprenticeship programs so that
they become employees working for contractors.

I look forward to working with the Commission
and the ICC and Representative Davis on finding ways to
have more outreach and opportunities, and I assure you
that we are committed to the communities that we serve.
We look forward -- Mr. Perez mentioned a little earlier
about the Illinois Utilities Diversity Council. You
know, I think that is a great opportunity and idea for
us collectively to get together and try to move this
agenda.

And, with that, I'm going to turn it over to
Arti.

MS. SHADID: Thank you, Will. And thank you,
Commissioners, for the opportunity to be here today.

I want to start out by telling you our DBE spend doubled going from 29 million in 2012 to 60 million in 2014. More specifically, when we look at our MBE spend, it increased from 5.8 million in 2012 to 7.3 million in 2013. Our WBE spend increased from 22 million in 2012 to 52 million in 2013.

When we include our small business spend, the total DBE and SBE spend increased from 112 million to 130 million going from 2012 to 2013. So buyer diversity is part of our commitment, our commitment to the communities we serve. And central to operations is delivering safe and reliable services and the best value to customers. And we recognize that supplier diversity is a key role in helping us.

So the 2012 filing highlighted our opportunity to increase our businesses with MBE and WBE spend. In 2013, while we started the pre-qualification process for potentially new MBE and WBE suppliers, we also continued to provide more opportunity to our existing MBE/WBE pre-qualified suppliers. So we would be shifting spend from non-diverse suppliers to an MBE or a WBE supplier.

As you can see from the chart here, we have successfully increased WBE 34 percent from 2012 to 2013 and we
continue to look for more opportunities there. Our MBE spend also increased about 26 percent and we realize we have a lot of work to do there.

As I mentioned, we started pre-qualifying new MBE suppliers in 2013. And just in the first quarter of this year, we have a few contracts in the works where we are carving out opportunities for qualified MBE suppliers, and we expect to see an increase in our spend in the MBE category. I'll be sharing some specific examples in the upcoming slides.

Our overall supplier diversity in minority-, women-, and veteran-owned businesses went up 31 million from 2012 through 2013. We saw a shifting of spend from nondiverse suppliers to diverse suppliers. About 50 percent of that came from large nondiverse suppliers and about 50 percent from small businesses.

So, at a high level, our major and general activities include requiring the third-party certification. We've added a third-party certification collection and tracking process for all DBEs. In the past, we relied on self-reporting and self-certification of diverse suppliers in compliance with the requirements of the federal government reporting. However, in order to adopt best practices in the industry, we have changed
our reporting and we've established new processes to request third-party certificates. We're also including DBEs in every qualified government opportunity. Resources such as the City of Chicago Supplier Diversity Database are being used by our sourcing professionals who ask for potential DBE supplier information by category to include in our procurement processes. We're also using National Minority Supplier Development Council Database, the Illinois Black Chamber of Commerce database, VetBiz, which is the veterans' business Web site, and Thomas to name a few.

A cross-functional group of employees from our engineering operations and supply chain work together to identify and qualify Illinois and WBE companies that can successfully compete for services and materials needed by Peoples Gas and North Shore Gas. To ensure this is done safely, reliably, and in the interest of our customers, a valuating team follows the pre-qualification process which encompasses a detailed review of their operated qualifications, supplier safety plans, historical safety records, emergency plans, and other requirements depending on the category of the business. We're also -- the DBE spend is being tracked through subcontractors. All of our major requests for
proposals and contracts with new and existing contractors requires them to subcontract to a DBE and also requires tracking of this spend through proactive tracking.

At a closer look, our strategy is simple: Outreach, education, unbundling. We are increasing our outreach to identify certified DBEs. In addition to what I mentioned in partnering with engineering and operations to help identify their certified DBEs, we're also putting together strategies to get more visibility as a company to potential DBEs that we could build long-term relationships with.

We invited the Chicago Urban League to provide supplier diversity education internally. We are one of the sponsors of the Chicago Business Opportunity Fair at Navy Pier in April with the intention of getting visibility and building contacts with new potential DBEs. We are also in the process of developing an event with DBEs in Chicago to educate diverse businesses on the company operational needs and requirements of industry to help position them for competitively building capacity to meet our organizational needs.

We are focusing on education and proper qualifications of DBE suppliers. AGL and North Shore
Gas states safety as a top priority, and this is expected from all primary contractors and subcontractors. We take pride in Tailor's support to help DBEs understand the AGL and North Shore Gas's operational requirements and how they can position themselves to make their rulings.

The education is focused on the qualification process; safety plans, request for proposal process, negotiations, and constructive feedback to these companies with the intention of establishing long-term business relationships with these diverse suppliers. The end goal is to increase qualified procurement opportunities for new diverse firms to evaluate and develop new contracts and projects where they may not have had any previous experience.

We are continuing to focus on unbundling with the clear intention of carving out smaller opportunities for qualified MBE and WBE suppliers. As an example, we're bringing on a qualified MBE supplier right now that has currently provided us a cost at a higher than market, but we're carving out a small opportunity and believe in the future of the partnership with them to help them grow so they can expand their ability with time to take on more business competitively.
Another MBE supplier refused to bid on a project because the project was too big and we took a twofold approach. One, we connected them with the primary supplier that won the bid to subcontract part of the project to the MBE supplier; and, number two, we discussed with them their work capacity to help us better in carving out smaller projects that they can actually take on.

Along the same lines, we are partnering with our current suppliers to increase a second-tier spend with MWBE-certified subcontractors. All of our major suppliers are expected to utilize DBE subcontractors during the performance of any work under our agreement as part of our company's efforts towards achieving increased DBE spend, and we're capturing this through a proactive recording process.

I'd like to wrap up with our advocacy and collaboration plan for the year. This is a list of our upcoming events that we will attend with a focus on MBE events. In addition to the list, we are also developing our own event, as I mentioned, with DBEs in Chicago who educate on diversity on our operational needs and the requirements that would help position them for competitively building their capacity to meet our
organizational needs.

Finally, I leave you with a visual of some material used to promote a supply diversity program. While our DBE members have doubled from 2012 to 2013, we recognize that we have a lot of work to do. We can do more and we believe in initiatives that improve opportunities and relationships with our diverse businesses. Increasing our supplier diversity and sustaining a long-term -- long -- a high-level of performance over time are our goals. We have a plan and a strategy in place and we're enthusiastic about its implementation and are committed to the growth in supplier diversity in our communities. Thank you.

COMMISSIONER MAYE: Thank you very much. At this time, I would like to invite one representative from each of the utilities and Mr. Perez and Mr. Lowry for questions, as well as the leaders of the utilities.

COMMISSIONER DEL VALLE: First of all, thank you for your time and I appreciate the hard work of the court reporter who is trying to keep track of all of this. This may be the last time she takes this assignment. But thank you very much.

And we're going to have questions. And we don't have a whole lot of time left. So we're going to
encourage you to be brief responding to the questions.
And, also, we'll try to make our questions concise.
I've got a couple starting with Mr. Evans.
Thank you. There are a couple of things there. First
of all, let me say something generally speaking here.
I'm really pleased with the number of actions that have
been mentioned here today that are either going to be
done this year or next year or were done last year.
What that tells me is that there is movement, and I'm
pleased with that. There is significant movement.
And, Representative Davis, you're responsible
for that movement. Thank you for the report.
And it's been emphasized that you have to have
data, you have to report that data, and you have to put
it to work in order to guide decision making. And so I
think everyone has moved in that direction. And I
appreciate the comments acknowledging that the
weaknesses currently exist, the deficiencies that exist.
Because, if you acknowledge it, you accept it, and then
you're ready to do something about it.
And I appreciate the statement, Mr. Evans,
about the fact that you have lots of people of color and
women in the top echelons, but, believe me, I know the
feeling and I know that that puts on us an extra burden,
added responsibility, to make sure that that progress is
not just at the top, but it's throughout the entire --
through the entire company, and you've all highlighted
that.

I'll start with Mr. Evans. You have your main
replacement project. Your capital program is going,
your activity. You've gone out of state for
contractors, for subcontractors, right? You've had to
in order to do all of the work that needs to get done.

MR. EVANS: There is -- all of the contractors'
employees are in state. There is a contractor that is
started in Wisconsin, but the employees are all in
state. They would all have to be part of either the
operating engineers or the labor engineers.

COMMISSIONER DEL VALLE: But that's a pretty big
contract, right, the one in Wisconsin?

MR. EVANS: I don't have the numbers, but they are
actually a newer contractor. Our larger contractors
actually are here in Illinois. They primarily do most
of the work.

COMMISSIONER DEL VALLE: So, for out of state, the
requirements, as far as you're concerned, is that you
expect them to be --

MR. EVANS: Yes.
COMMISSIONER DEL VALLE: -- doing business with diverse companies?

MR. EVANS: Yes.

COMMISSIONER DEL VALLE: -- with subs or whatever?

MR. EVANS: Right. And they have to use the same workforce.

COMMISSIONER DEL VALLE: Right. And, in terms of the workforce, you mentioned that your union and the role that they play and how significant it is to ensure that there are minority candidates, women, et cetera, in the pipeline by way of the apprenticeship programs. In your estimation, how are we doing in that department?

MR. EVANS: Well, I really would have to thank ComEd because they -- I have to give them the credit for initiating that relationship with the Urban League and it's just starting. I haven't -- I haven't a way to really gage the success, but it is just starting. They're getting people through the program. They're getting some of them hired. So we'll -- it's a work in progress.

COMMISSIONER DEL VALLE: Okay.

MR. EVANS: But it's important to get that started because that's how we're going to get people employed.

COMMISSIONER DEL VALLE: And I agree with you. To
ComEd, I have to say that, while I appreciate the initiative of the programs, the fact is, when you add up the numbers of participants, it is a drop in the bucket.

MR. EVANS: It is.

COMMISSIONER DEL VALLE: It's a step forward. But when you consider the thousands of jobs that we're talking about, we have to address it. And we make the suggestion that maybe the utilities together, in the form of a council, could really dig into this because we have to address the issue that, if we're going to train -- whether it's in the construction area or other areas, just 50 people or 60 people, we're not going to get to where we need to go. We have to scale up, and that's a real challenge, I know, because it costs money to scale up and we need cooperation. We need cooperation from the unions. We need cooperation from all of the players to scale up.

But, basically, while I appreciate the initiatives, the scale is so small I'm afraid that, yes, we're making a dent, but we're not getting near where we need to be. So I just wanted to mention that.

For Nicor, you mentioned finances in that sector. Again, I'm so glad you mentioned that because there are opportunities. There are folks out there who
can do the work in that department. They just haven't been given the chance to participate, and you acknowledged that.

MR. LINGINFELTER: Absolutely right, sir. And, thankfully, there is some success there. For example, CL King & Associates is a group that is engaged with us a little bit. We would like to see more organizations like that where we can do banking that is -- or financing that is diverse, but it's a slow process for sure, but we would like to do more.

MR. WILLIAMS: Melvin Williams.

COMMISSIONER COLGAN: I don't believe that microphone is on.

MR. WILLIAMS: Melvin Williams, senior vice president of planning and business services. And, Commissioner, thanks for that comment. We've actually spent a considerable amount of time looking at what we described are nontraditional areas, and finance is one of those areas. In fact, we've spent the last two years in Chicago engaging key potential business partners around opportunities and areas such as pension, commercial financing, acquisition financing, and other -- other opportunities in what we would describe as those nontraditional areas.
I'm pleased to say that one of the individuals with Loop Capital is in the room, Sidney Dillard. And Sidney and I have had a number of conversations and we're hoping, over the next several months, to be able to engage in a partnership. And Arrow Finance is another organization that we've engaged potential opportunities in as well.

COMMISSIONER DEL VALLE: Thank you. And just one last point. I want to thank Ameren, because, in your report -- and I said I wasn't going to hold up any reports today. In your report, you listed top Illinois minority spend categories. This is very helpful, because it tells us what other business is being conducted. It would be even more helpful if we had dollars attached to those spend categories so that we could see where there is a need for more activity and disseminate that information to potential vendors that are out there that have to consider doing business. But I just wanted to compliment you for that in your report.

COMMISSIONER MAYE: Thank you, Commissioner. I also have a couple of questions. The first is regarding a Tier 1 versus two-tier diversity spending. I know many of you all touched upon it in your report. Specifically, Ameren stuck out to me because she said
that you require a diverse business utilization plan when you're considering your events. However, how many of the utilities here actually require your Tier 1 contractors to use diverse Tier 2 contractors, if you know that offhand?

MS. SHADID: We do.

A SPEAKER: We do.

COMMISSIONER MAYE: It's required? Everybody?

MR. WILLIAMS: It is currently not a requirement.

COMMISSIONER MAYE: I know for Nicor you do not have it in place yet.

MR. WILLIAMS: We're actually doing two things. We're implementing a process by which we can track our Tier 2, which we've historically been unable to do. And the other is to change our contracting process to ensure that, when we contract with primary partners, that we include, as a part of that, their RFP and their contract, that we have a shared commitment around the Tier 2 engagement. And so, to that extent, over the next year we'll begin incorporating that language into all of our offer letters.

COMMISSIONER MAYE: I'm curious to know --

MR. WITHERSPOON: No. I was just going to say -- I was going to say, for ours, we have -- we've established
a threshold for when we require our prime suppliers to report. We want to look at maximizing as much Tier 2 opportunity as possible, and so we look at our projects that's anything that's north of a million dollars and having that be the requirement. And it is our trigger for looking for supplier diversity intervention plans.

COMMISSIONER MAYE: Okay. I guess I can direct this question --

MS. BLAISE: I would say, for us, to the extent that we make it very clear that one of the areas that we look at weighing decisions on awarding contracts is diversity. If there isn't enough or there isn't any, we'll go back to that private contractor and make sure I encourage them of that, "Who are you going to include to be part of this," before we award it.

COMMISSIONER MAYE: Okay. That actually answers the second question. If you don't see, necessarily, enough diversity in that subcontract, you will go back and say, "Maybe you can recommend XYZ company?"

MR. WITHERSPOON: Yes.

MS. BLAISE: Yes.

COMMISSIONER MAYE: And then my second question focuses on the professional -- I'll call them professional services organizations, such as legal and
financial services, which was mentioned earlier. I think those organizations or those professional services firms tend to be lacking in the diversity spend just based on all of the reports, at least, that were filed on February 1st. And I'm curious to know why you think that is and what can we do to get more -- to get those professional organizations involved in the diversity -- the diverse suppliers that you're hiring.

MS. PRAMAGGIORE: One of the things I just wanted to reference, we didn't talk about it in our presentation. But Sidney Dillard also works with us from Loop Capital, you know, and I just have to give credit to my predecessor, Frank Clark, who worked with Jim Reynolds at Loop Capital several years ago to set up a minority bank credit facility. And I think it was one of the first ones, certainly, in the utility business. It may have been one of the first ones in the country. It's about a 34-million-dollar credit facility. We go out every year and reissue that. It's completely a minority-based credit facility. And what it does is it gives the banks a chance to establish themselves with, you know, a big company like ComEd, have that on their resume, and it expands their opportunities going
forward. But I think, you know, it takes some people
focused on getting that done. But I think there is some
precedent for those sorts of things in financial
services and legal services.

One of the things that we do in legal
services, and this happens at the Exelon level, is they
do a supplier diversity award every year. So the law
firm that develops the most diverse team that supports
other diverse law firms, you know, almost using them
like subcontractors in the way that we do on the
construction side, wins awards. And that's a big deal
to be able to call that out, you know, as a vendor that
you've won an award like that. So I think, again,
recognition is a really important aspect of trying to,
you know, encourage and grow the business in those
areas.

MR. WITHERSPOON: Very similar to ComEd, in both
professional services that we're talking, in terms of
financing and legal, while we were unable to attend the
ComEd finance deal that you guys had here, we did have
something similar on the Missouri side. And, as result,
we were successful with the minority-owned finance
company Williams Capital.

As it relates to legal, something similar.
What we're doing is rolling out what we call best in
class, right? And so the best-in-class program, while
we found it challenging to find diverse law firms, what
we've asked our firms that are partnering with us now is
to hire a diverse team. And so, in the legal work, what
we're looking at is just that best in class and what
that composition of lawyers that's handling direct
Ameren Illinois legal-type services.

COMMISSIONER MAYE: Okay. And the last -- oh,

Mr. Lowry.

MR. LOWRY: Speaking as a professional service firm
and doing that for some time, I think there are several
reasons why. One, they're using the company and
corporation counsel has to entrust major responsibility
to an outside firm and feel comfortable that that firm
is large enough, has the capacity to serve the
institution, so that's one.

When I used to design this thing, one of the
things that we dealt with is with accounting firms.
It's the same problem with CPA firms, the lack of
confidence in handing over the whole kit and caboodle to
a minority firm, but we would then second the amount of
work. And usually they had the CPA firms doing the
foundation audits. So that became the segmentation for
the minority firms so you can segment the work that
everybody feels comfortable that they have the capacity
to do.

And I guess the only other point I was going
to make was in terms of capital. I think we would be
making a mistake if we only dealt with capital from a
debt perspective. In the book we talk about growing
businesses of size. You cannot grow a business of size,
only in debt. We tried it in Detroit. It didn't work.
Many of the firms were going up. Even though the sales
were going up, were growing, they were losing, as a
company, because they couldn't handle the debt. So I
think one of the things that we have to think out of the
box on is, "How are we going to get equity into these
places?

With equity you can grow a business to size.
You can give them the capacity to grow. There are
existing institutions like the National Association of
Investment Counselors that are set up. They have
capital. I am a part of a firm that they have
$300 million to invest. So where can we find a firm to
invest this money? If we could find the firm, it could
be the sweet spot that you talked about for strategic
opportunities. That would be a win-win. So we could
invest in a growth-oriented company. They could grow to meet your needs. The companies will have the capacity that they feel comfortable with, and then we create larger businesses that could hire more people. I'm sorry.

COMMISSIONER MAYE: No, no. That's appreciated. And my next question -- my last question, and then I'll turn it over to my colleagues, is actually for you, Mr. Lowry, and you, Mr. Perez. A few weeks ago I was in a conference and they asked a panel to give a report card grades to certain agencies, such as Spark and API. So I'm interested to know what you've heard today, because I don't feel like this burden is only on the utilities. I feel like we, as the regulators here, I think it's a partnership. We have to increase supplier diversity and we have to think of those opportunities together.

So with what you've heard here today, how would you rate the State of Illinois when it comes to supply diversity?

MR. LOWRY: Well, I'm very moved. I mean, I'm giving away my age. But I can remember a conversation I had with Gene Tracy when he was the CEO of Peoples Gas, and there were no people of color at that time. And the
only thing I can say is, we should never give up hope. I mean, we should all try and do what we can. You never
know what kind of comment you might have over breakfast that might influence a person that has a tremendous impact on the whole industry.

And I think, when I look back when I started, where we were because of the work with what you've done and many of your predecessors, I think we've come a long way as a state. And I'm proud of this state, and I'm very proud of some of the leaders that I know personally who have played a major role. And I think we're going to keep doing it.

The only thing I would say is, let's think bigger because I think, as you said, Commissioner, you know, we have to think in terms of the numbers, in terms of what is in front of us and what we have to do in order to get enough people employed in numbers to have it impact our communities.

So I think the only thing I would say, you know, with each one of them, I'm so impressed with the programs they have in place, what they've done and their commitment to change. But I would think all of us working together have to think out of the box on how we're going to elevate the whole program to a much
higher level.

COMMISSIONER MAYE: Mr. Perez, do you have any thoughts?

MR. PEREZ: Yes. In terms of the public sector's participation in supplier diversity or even initiatives that try to improve the spend for small businesses, I think, generally, the public sector is slower than the private sector in making some of those adjustments. Now, I don't know what it's like here in Illinois, but in California it's still an issue in general. Despite all of the progressive leadership that is in the state, you would think that it would be a little bit further along. And then there is also concerns that I've heard about the small business spend from the Department of Energy at the federal level. So there is clearly a space for problem solving in all of these areas. And so I think that we just all need to be mindful and be ready to try to solve some of those problems.

COMMISSIONER MAYE: Thank you.

COMMISSIONER COLGAN: Well, first, I would just like to say, I would just like to thank everybody for your presentations and the effort that you put into pulling all of that information together and the fact
that you had to have something going on back at the shop
to pull from to put those presentations out here. It
was really good information. And, really, I was glad to
hear all of the comments.

For Dr. Lowry, I was very impressed with your
history and your career, and I want to thank you for
your service and your dedication to this struggle to
bring forward this issue -- these issues of bringing
diversity into the workforce. And I thank you,
Commissioner Maye, for insisting that we have him here.
I really liked your six steps that are really important
for success. I'm sure it took you some time to come to
those conclusions on those six issues, and I'm thinking
that you probably have some publications that are
available that people can reference in terms of putting
programs together and how to go about doing that.

MR. LOWRY: I will make sure each and every one of
you get a copy.

COMMISSIONER COLGAN: Thank you very much.

And for, Mr. Perez, I had a question for you.

MR. PEREZ: Yes.

COMMISSIONER COLGAN: It's about General Order 156.
I'm interested in how that came about. I was thinking
that maybe it was an order that came about on the
1 motion, their own motion of the Public Utility
2 Commission. But I think I heard you say that the
3 General Assembly actually ordered the Public Utility
4 Commission to come to issuing the General Order 156.
5 Can you give a little refresher on that?
6 MR. PEREZ: Yeah. California legal framework
7 begins by creating the law through policy and then
8 having the law -- the proposal signed by the governor,
9 which then becomes chaptered and becomes law. Under
10 California law, a state agency that's responsible for
11 administering that section is required to create
12 regulations. The regulations go through public
13 discourse. And then, after everybody agrees, they
14 basically agree to the regulation and then it's adopted.
15 And that's what's used to enforce the statute.
16 And so I'm not sure how it works here in
17 Illinois, but that's the process.
18 COMMISSIONER COLGAN: It's actually pretty similar
19 to that. Yes. All right. Thank you.
20 COMMISSIONER MCCABE: It sounds like there is kind
21 of a supply-and-demand issue. In terms of legislation
22 setting goals as helping, there may be not enough
23 suppliers in certain areas now. How do we collectively
24 help make sure there are enough people to fill the goals
that are being set by the companies?

MR. WILLIAMS: I'll start. It's not easy. And one of the things that we've done, we've evolved over the last ten years and raised our resources. And we've had to be creative around some of the things that we do, like being able to identify diverse suppliers and partner them with our primary suppliers and get them through an incubation process that allows them then to be able to transition for primary opportunity.

We've spent a lot of our focus and effort around advocacy just leveraging our partners, our agencies that will give us or provide us with access to potential partners that have exposure, experience, and qualifications in the utility space. And so it's -- you know, we use this adage that it's not going to happen by inertia. It has to happen by intention. And we just try to be very intentional around how we progressed around our program.

And I will say that we've been very mature in that area from a corporate standpoint. We have a lot of opportunity at Nicor. We've merged the two companies three years ago. And our starting point is not the starting point where we would like to see our efforts. And we acknowledge that, but we're very committed.
Dr. Lowry, your first bullet is something that we talk about internally all of the time. And it starts with the engagement and commitment of our management team.

MR. EVANS: I think there is two points. One is, as Commissioner Del Valle said, you know, there's a lot of jobs out there to be had. It's not just about the supplier itself. It's about employing people. I think we have a start, but we probably do need to think bigger and have a bigger conversation with the unions about having apprenticeship programs, working with our vendors so that they could sponsor people in the apprenticeship programs.

That's taking a long view, because I would caution us not to just focus on today, but to focus on the long view because that's how you get traction. That's how, as Dr. Lowry said, you know, many years ago, the utility industry was on the forefront and all of us, who are employed by those industries that are diverse, are beneficiaries to that. We need to do that same thing when we think about how do you create employment opportunities, careers in our industry. And from that I think you focus on going to -- trying to grow businesses organically, not letting them get trapped inside of just
programs, but, you know, trying to grow them so that they can do for us, that are in the infrastructure business -- that's what our business is. That's where the big dollars are -- is to try to grow businesses inside there because that's where the big dollars are. That's where the long-term dollars are.

MR. WITHERSPOON: One of the things we do at Ameren, from a strategy perspective, is really working to know what our market yields. And a first approach for us would be to narrowly tailor our opportunity-rich areas. And so, while we recognize that, in some cases we are challenged with capacity. What we do is identify those areas where we know we have players. And so be it direct work with Ameren or as it relates to subcontract opportunities where we know some of the smaller component parts, we have diverse suppliers who can do some of the more unbundled work, right? So if we say it's electrical or if it's painting, or what have you, we understand what those categories are so we could be very focused on identifying those categories as the ones we checked.

When you're talking in terms of capacity, capacity is a function of the size of the project that you're performing. And so, in some cases, we're not
performing mega projects where it limits not only
diverse supplier, but small businesses. So when we look
at one-hundred-thousand-dollar opportunities or less,
then we start looking at those as opportunities for
growth for some companies who have been non-incumbent
companies to Ameren. And so, in one case, we've
introduced an electrical contractor. They might not be
a ten-million-dollar company, but we're not doing a
ten-million-dollar-sized job. And so that becomes the
prime opportunity for them to get their foot in the door
at Ameren, and they can get some experience and traction
with them and we can help them grow in that capacity.

I leave you with one other example. We have
an engineering company, David Mason & Associates, who is
doing some of our civil-substation-type work. Well,
they don't have electrical engineering as a core
competence of theirs. And so what we've done is we've
leveraged -- in our electrical engineering design group,
we've leveraged an opportunity to mentor them in that
space. And so now they're able to grow in their core
competencies. Not only will they be providing a civil
substation design now, now, in addition to that, they'll
be able to grow and provide some
electrical-engineering-type design as well. So those
are some of the things we're doing to kind of help grow
the capacity and scale some of our suppliers.

MS. PRAMAGGIORE: I just had a couple of thoughts
on that and I think, Representative Davis, you looked
like you wanted to have the final word here.

One of the things to recognize, and I think
everyone has sort of echoed this in their comments, is
that these companies have size and scale and have the
ability, at least, within certain categories of spend,
to grow businesses, to grow businesses from the ground
up. So I think we can recognize what, in many
categories, these businesses do because we are large
businesses.

The second comment that I wanted to make is,
the legislation that was passed a couple of years ago
does something really important in this area, and that
is it provides stability. We have multiyear projects
and multiyear programs for the first time in many years.
And when you can give a startup supplier three years of
runway, four years of runway, because you've got a
program going, that's stability. And when it's a
startup company or a diverse company that's trying to
grow, that is critically important. And so I think
Illinois has really positioned itself well going forward
because of that multiyear plan that's out there now.

REPRESENTATIVE DAVIS: Commissioner, to me the simple answer -- to me the simple answer, and I'm not saying anything that they do is simple, is an understanding of exactly what it is that they do. What I found in our efforts with Nicor Gas is that we probably could have done better had we put more information about here are the opportunities that exist. We think that companies know how to plan to their space. Some do, obviously, but not everyone does or they don't know that they can plan the space.

So, again, a lot more work on a simple thing, on the simple end, of just, "Here is what we do. Here are the types of opportunities that exist," and not just using some of the traditional networks and getting information out. Those people already know. Let's start to dive into some of the subnetworks of companies that exist out there.

Anne Pramaggiore talked about growing businesses from the ground up, if you will. That takes a company, probably, that doesn't know that they can plan a space and saying, "Here, maybe this is something that you can do." Maybe you are a construction company, but you have not thought about this part of construction
in growing and monitoring. So I think it's really just about telling what they do so people understand, "Oh, maybe I can do this."

MR. PEREZ: I think another factor to consider is the youth. We encourage both the Black Chamber and the Hispanic Chamber in California to establish, like, junior achievement programs to introduce young people to the concept of being an entrepreneur and then developing those skill sets that might be attractive so that, as they develop, that you essentially have a pipeline of young people that are moving on up.

The engagement that we're looking at here is a long-term engagement. You know, even in California, it was not -- those figures were not done overnight. It took a decade. And so, if you can give yourself a decade, let's say, on an 18-year-old or a 20-year-old, just think what you can do in ten years.

And so we may not have the sufficient numbers of suppliers, because I did take a look at the profile for Illinois. In the Hispanic community, you know, we've got a lot of restaurants. And the utilities say, "Hey, look, you know, we can only do so much catering."

But we also have some emerging professional groups in legal services, information technology. They're not
quite the size that they need to be. We have a very robust construction section. So we do very well in construction. But every community is unique and you have to come up with a strategy for each one of them.

MR. LOWRY: The only thing I would add is that I would agree completely that many of the companies we're talking about have to have grown organically from the ground up with the opportunities presented.

But I think we'd be remiss again if we thought that was the only approach. I think the other approach that I advocate, when possible, is looking for that strategic opportunity, the big opportunity that had growth. And I agree it has to have a three-year leg so people feel comfortable, the banks feel comfortable, the equity investors feel comfortable.

But there is a new day out here when we started. I mean, I remember -- I shouldn't tell this publicly. But, when Harold Washington died, we were talking about what were going to be the goals for the city of Chicago, and we came up with 25 percent for minorities and 5 percent for women. And the mayor said to me, he said, "Can we reach those goals?" And my reply was, "Yes, you put the goals out there. It's going to be a driver that people will then come and
create the businesses to take advantage of that
opportunity." And I think the same is true here. So if
you put the goal out there, there are many people now,
25 years, 30 years later, who are leaving corporate
America at 50. We're part of something called the
Executive Leadership Council, which is all of the top
blacks in corporate America, the CEO or two people down.
Many of them are leaving corporate America at 50 with
sizable sums of money. They're looking for
opportunities to be entrepreneurs. So if there's some
way we could connect those people with experience, with
opportunities in their field or other fields, I see
another alternative to just having organic growth,
creating businesses with the top brains from corporate
America with people who have experiences in the field.

A good example is automotive. We're on board
with Toyota. So we're using people who have had that
kind of experience who are putting money in, but they
have to have somebody in automotive who understands the
industry or they can't play as a distributor. That is a
model that could be used over and over, but part of it
is just communicating. We talked about capital, and
there are people out there. We just don't communicate
where these opportunities are and how big are the
opportunities. If we can do that and connect those
people with this new generation of entrepreneurs who
have done corporate, made their money, are willing to
invest, be entrepreneurs in the next phase of lives, I
think we can really celebrate the growth.

COMMISSIONER McCabe: I'm good.

COMMISSIONER DEL VALLE: Thank you. I didn't want
to interrupt your line of questioning. I just want to
emphasize the importance of what you just indicated
about communicating and what Representative Davis said
about reaching beyond the traditional group that is out
there.

You know, it's nice and I'm sure there are
friend's in the audience who are part of the Illinois
Hispanic Chamber and the Black Chamber. But if those
are the only groups you're reaching out to and you're
relying on, then we're not going to get there. We have
to get creative.

In addition to those groups, we've got to look
at -- that's why I was glad to hear that Ameren was
doing smaller -- not just one symposium, but smaller
regional events so that we could reach those individuals
out there who may be ready to provide that service but
really don't know it because they haven't heard it from
the utilities. And so I can't emphasize that enough.

And for years as a legislator, 20 years as a legislator, as the City Clerk of Chicago, I can't tell you the number of times I just heard people say, "Well, yeah. We're doing our part. We're working with the Chamber. We're working with the African-American Chamber. We're working with the Hispanic Chamber." And, I said, "It's not enough, not nearly enough."

CHAIRMAN SCOTT: I would like to follow up, if I can, Dr. Lowry, on something you just said, especially with the Q and A that's going on and then after the presentations, too. It's almost as if there is an assumption that there aren't firms out there that are of the size that can do this work right now. And I don't know that that is accurate.

And how much of it -- you talked about kind of traditional partnerships that exist in some of these industries, and we're talking about some very old and well-developed companies here in an old and well-developed industry. How much of that is an issue, too, in terms of breaking through, maybe, the relationship that companies have had? We talked about the trust factor with accounting and professional services and legal. How much of that's an issue? And
it is my assumption that it isn't necessarily correct that there aren't firms out there now, that all of this has to be grown, that there are firms out there that can do this is really an accurate one.

MR. LOWRY: You're both really asking some tough questions. You're making some tough assertions, because I have to agree. I mean, a lot of these firms are doing fairly well who have leadership of color or women. They don't go -- and I'm a strong supporter of the National Minority Supplier Development. I've been a consultant to them for 25 years. They don't go to those meetings or they don't go to the Black Chamber. I'm advising the Black Chamber. They don't go to meetings. They are doing what they're doing to grow their businesses.

Now, a lot do. But I'm just saying we can't always just think, like you've both asserted, to think only there, so we have to go out. They're there and, you know, there are different ways of finding them. It's going to be different. You have to use different analytical approaches to try and find them, but they're there. And they're the ones who want to start businesses but don't understand the opportunities we represented here today. That's the other part of the communication.
I hate to say this, but there is going to be a gas line coming down from Canada when we get through all of this stuff. Okay. When I read about this every day it's going to happen. When is another story. I don't want to get into politics. And the first question I always ask, when we're looking at this billion-dollar opportunity, how many women and minorities are going to be participating in that plan? What are we doing today to ensure, whenever the papers are signed and it starts coming down from Canada, that minorities and women participated in this huge opportunity?

And we talk about maintenance. It's going to be not just one shot. It's going to be maintenance for the next 10 or 50. It's an annuity for that very small, smart entrepreneur who saw it, had the smarts to do it, and got the capital together to be a part of that. That's the kind of prudence I'm thinking. I'm sorry.

CHAIRMAN SCOTT: No, no. That's fine. That's fine.

And, Mr. Perez, a couple of questions to you. One is, in terms of the council that you talked about, who took the initiative in getting that started in California?

MR. PEREZ: Well, actually, after the first hearing
that President Peevey had in California. I own a
business called Latino Journal. It's a publication.
And we actually wrote him a letter making a suggestion
that the Commission create this group inside their
organization. But I think the Commission wasn't
interested because it had a rogue advisory group that
they had just dealt with, that they didn't want to go
down that road again. And so they approached me to
create this group and that they would support it. And
it wasn't financial support. It was basically just, you
know, we'll be there when you need us kind of a deal.
And so the membership was, that we have 26
members, was essentially composed by the commissioners
and myself and a couple of other folks and the executive
director of the Public Utilities Commission. We
identified a very diverse group of people who are
representative of California geographically, race,
ethnicity, gender, et cetera.
And we have ten utility companies that are
members, and all of the members are officers of the
Council. We meet once a month and we bring all kinds of
issues to the group. And we meet four hours a day and
we discuss some pretty heavy-duty, you know, discussions
on issues, all kinds of issues. But it's turned out to
be a problem-solving, human-interacting force that helps
the goals and objectives of supplier diversity, but we
also deal with employment issues, philanthropy,
corporate governance, reaching language-limited
ratepayers. You know, how do we get to those folks? So
it's kind of a multitude of things that we do.

CHAIRMAN SCOTT: I appreciate it. Thank you.

COMMISSIONER MAYE: I have one last question. I'm
curious to know, because I got a wealth of e-mails from
various businesses, a lot of the financial services
firms, a lot of the smaller minority law firms, I'm
curious to know, other than sending them to, for
example, a supply diversity workshop that your company
may be having, what is the best way for them to kind of
get their foot in the door if they have not done any
business as a diverse supplier of yours, the company?

How can they become a diverse supplier?

MR. WITHERSPOON: Commissioner Maye, thank you for
your question. The simple response would be direct them
to me. I have an individual on my team that plugs into
the business segment. And if there is an opportunity
there, we can get them socialized within the business.

That would be the short answer.

A SPEAKER: For the professional services, I think
the other thing I would add is that, you know, sometimes
going through the supplier diversity office is good, but
usually you have your general -- your corporate general
counsel and you have your treasurer, your corporate
treasurer. And it's important that those two
individuals feel comfortable with any firm that they're
going to be bringing on because they will make that
ultimate decision. And so what we try to do is set up
meetings with those individuals as well to really talk
more about the business aspect of it. And, if you can
get the treasurer on board and you can get your general
counsel on board, then it's easier to open those doors.

We're working with a company, a small law firm
right now. But, really, the key to getting them in the
loop was to try to get our general counsel in there.
And then, once he says, "Yeah, I feel comfortable with
them," then the wheels started turning in the right
direction.

COMMISSIONER DEL VALLE: You indicated that your
general counsel is on board with diversity growth?
A SPEAKER: Mm-hmm.

COMMISSIONER DEL VALLE: And so there is no
question there because the culture of the company is
supportive of that, right?
A SPEAKER: Right.

COMMISSIONER DEL VALLE: Because if you have general counsel that's not on board with the effort and committed to it --

A SPEAKER: Right.

COMMISSIONER DEL VALLE: Then not a whole lot will happen, right?

A SPEAKER: Right. They're on board. But what I'm saying is, though, if it's a field or operation type of thing, you know, the decisions are being made by someone else on the qualifications of that company. And whether it's a diverse company or a nondiverse company, when you look at making those decisions on general counsel and bringing in, you know, you have to have their say-so, their okay on it, both from the general counsel and the treasurer's side.

So if it's an operational side, obviously, the people in the field, the managers that are actually utilizing those services are the people that really are at the table.

MS. BLAISE: For ComEd, we have a supplier diversity office, and Emmett Vaughn is here. He oversees for all of Exelon. So it's not just ComEd, multiple business units. Those types of services, he is
our point person, and that's, really, he will direct
them and get them to the right people to talk to as
well.

MR. EVANS: A similar process to Ameren, but they
could just call.

MS. SHADID: And I do want to add to that. We do
have an online registration process where they represent
whether they're diverse or non-diverse. It's an online
bidder registration that gets them into our system so
that, when we are ready to bid, they all would show up
as people who have registered and are interested in that
particular category.

COMMISSIONER MAYE: Okay. Thank you. Thank you
all for your information.

At this point, we'll close. But we definitely
wanted to thank -- this absolutely would not have been
possible without our four advisors, so Sandy McNeal,
Danisha Anderson, and Jeff Orcutt, Martin Klein --
Klein, I'm so sorry. They are really the -- that's
not -- charge it to my head and not my heart because
they've been working so very hard on this. If Miguel
and I have been working 100 percent, they've been
working 500 percent. And this would not have happened
without them. So we truly appreciate it.
Again, we appreciate the support of our colleagues. And thank you all for being here today. Representative Davis, thank you so very much for what you've done and we are looking forward to what is to come. And I will pass it on to our Chairman.

CHAIRMAN SCOTT: Just thank you, Commissioner Maye, Commissioner Del Valle, and thank you very much for all of your time and effort. Not just in the efforts that you put forth to be here today, but all of the efforts that Commissioner Del Valle spoke about that we're seeing and will come in the future. Thanks very much and this session is adjourned.

(Adjourned.)
Jennifer L. Bernier, being first duly sworn, on oath says that she is a Certified Shorthand Reporter, Registered Professional Reporter, Certified LiveNote Reporter, doing business in the City of Chicago, County of Cook and the State of Illinois;

That she reported in shorthand the proceedings had at the foregoing Meeting;

And that the foregoing is a true and correct transcript of her shorthand notes so taken as aforesaid and contains all the proceedings had at the said Meeting.

__________________________

JENNIFER L. BERNIER, CSR, RPR, CLR

CSR No. 084-004190

SUBSCRIBED AND SWORN TO before me this 9th day of April, A.D., 2014.