BEFORE THE

ILLINOIS COMMERCE COMMISSION

ANNUAL SUPPLIER DIVERSITY POLICY SESSION

Tuesday, June 13, 2017

Chicago, Illinois

Met, pursuant to notice, at 10:30 A.M.,

at 160 North La Salle Street, Chicago, Illinois.

PRESENT:

BRIEN J. SHEAHAN, Chairman

SADZI MARTHA OLIVA, Acting Commissioner

SHERINA E. MAYE EDWARDS, Commissioner

JOHN R. ROSALES, Commissioner

SULLIVAN REPORTING COMPANY, by

PATRICIA WESLEY

CSR NO. 084-002170
PRESENTATION BY:

MR. MARCOS PETERSON, Deputy Director
Business Enterprise Program
State of Illinois Department of Central Management Services

MS. ENNEDY RIVERA, General Counsel
Office of Lieutenant Governor
Evelyn Sanguinetti

MS. BETH DORIA, Executive Director
Federation Women Contractors

MR. ROBERTO CORNELIO, Director of Business Development at GSG Consultants

MS. STEPHANIE HICKMAN, President and CEO
Trice Construction

MR. DYLAN HRADEK, Regional Manager
NPL Construction Company

MR. JORGE PEREZ, Executive Director,
Hispanic American Construction Industry Association (HACIA)

MR. GERARDO RODRIGUEZ, Executive Director
LGBT Chamber of Commerce of Illinois

MR. SAM RAMIREZ, JR., President and CEO,
Ramirez Asset Management and Senior Managing Director of Ramirez and Company

MS. GEORGIA MARSH, Chief Development Office
Women's Business Development Center (WBDC)

MR. KEITH SEARLES, CEO and Owner,
Urban GIS
PRESENTATION BY:

MR. MELVIN WILLIAMS, President
Nicor Gas and Chair, IUBDC

REPRESENTATIVE MARCUS EVANS, JR.

MS. DANISHA HALL, Bureau Chief External Affairs
Illinois Commerce Commission

DR. FRED COLEMAN, III, President and CEO,
Coleman and Associates

MR. RICHARD MARK, President
Ameren Illinois Company

MS. ANNE PRAMAGGIORE, President and
Chief Executive Officer
Commonwealth Edison Company

MR. BRUCE HAUK, President
Illinois American Water

MR. MELVIN WILLIAMS, President
Nicor Gas Company

MR. CHARLES MATTHEWS, President
Peoples Gas and North Shore Gas
CHAIRMAN SHEAHAN: I would like people to take their seats, please.

Good morning and welcome to the Illinois Commerce Commission Annual Supplier Diversity Policy Session. The session is convened pursuant to the Open Meetings Act.

Also, present are Commissioners Edwards, and Rosales, and Acting Commissioner Oliva. We have a quorum, and I would remind our presenters and guests that a court reporter is present.

I would note for the record that Commissioner del Valle has an excused absence this morning due to a family matter, but I think we all understand his commitment to these issues.

I would like to thank all of you for being here today, especially the utility executives who are with us. It is important that expressions of you personal and your company's commitment to this important initiative.

I'd like to especially recognize and congratulate Commissioners del Valle, Edwards, and Rosales, and Acting Commissioner Oliva for their
commitment to this effort.

There's been significant improvement in these reports over the last five years and their leadership has been essential.

Today's forum is designed to serve two primary purposes. The first is to satisfy a requirement of the General Assembly requiring water utilities to report on procurement goals and actual spending for the previous calendar year.

The second is that it gives the Commission an opportunity to hear personally from senior leaders on progress of sustaining and improving supplier diversity in Illinois.

We found that the utility companies presented today have not only met the basic reporting requirements but have taken to heart of the underlying purpose of increasing diversity in their procurement.

In particular, I applaud their efforts to engage diversity in their service territories.

Diversity was a topic discussed at my very first meeting at the ICC. At the time I expressed my firm
belief that we must lead by example and that remains true today.

With Governor Rauner's leadership, the Illinois Commerce Commission is the most diverse state regulatory body in the country, and our staff is the most diverse it has ever been in the agency's 100 -- more than 100 year history.

Diversity makes our organization better and more vibrant. I would also like to note that I'm very proud of the Commission's Office of Diversity and Community Affairs.

Under the leadership of Danisha Hall and Taffy Brokemond, this office oversees the ICC's efforts to increase supplier diversity in utilities, serve as a resource to various groups, develops and maintains internal and external diversity, including initiatives, and leads efforts to partner with our various stakeholders.

Diversity plays a vital role in the communities that we serve. Governor Rauner has been a trail blazer in promoting diversity, and it's clear that diversity makes organizations
fundamentally better. Embracing and encouraging diversity is a continuous effort and one the Illinois Commerce Commission is proud to lead with.

With that, we will have brief remarks now from the Commissioners and then hear presenters starting with Marcos Peterson, Deputy Director of the Business Enterprise Program for the State of Illinois.

Our first Commissioner who's going to have a statement is Commissioner Edwards.

COMMISSIONER MAYE EDWARDS: Thank you, Mr. Chairman. Good morning. It is a great pleasure to be here and welcome to the Illinois Commerce Commission.

It's always been a great day I think when we come together to talk about this important topic and see a room full of people and full of diversity at that. It's amazing.

This is my fourth Supplier Diversity Annual Policy Session and things change. First, and foremost, I do want to thank my colleagues. I would like to thank our fearless leader, Brien Sheahan,
who I always tell people that we are the most
diverse Commission in the nation, that we at this
time have three Latinos, one African American, two
women, and I always say one Caucasian chairman,
because that makes such a difference.

(laughter.)

When you walk up to someone who does
not look like you in any way, shape or form, and
they fully understand every single point you are
making and often get to a better understanding
before you can even get to the conclusion, it makes
a difference.

So I am very thankful for the
leadership we have from Chairman Sheahan for the,
you know, thought provoking and encouragement
because oftentimes he's pushing me to say, look, we
need to push diversity even more and that means a
lot. Thank you, Mr. Chairman.

I am very thankful to my colleagues as
well who, along with Mr. del Valle and myself,
jumped right in and stepped in. Again, when you
work with people who get it, it just makes it easy.
It really does. So I am thankful to be on the bench with four distinguished people that I get to sit with each and every week.

I would like to thank our leaders who came this time from their very busy schedules and again made diversity a priority not just in the organization but throughout everything that you do. It's appreciated and does not go unrecognized.

Now what I think about today, I think about themes, and, of course, we don't have themes in these policy sessions, but if we were, what would it be? Would it be growth? And I think about growth because I think about when I started here in 2013 we started a new session called the Utilities Act Section 115, and it evolved to 117.

To me that's growth. It's growth in seeing the utilities make those changes. It's growth in the Commission, because when I started here, diversity in these reports was not something that we looked at closely, and two Commissioners were saying this is going to be our focus to make a worldwide of difference, and I think that's
significant.

The next thing you may think of is opportunity. What opportunities are there? We've taken opportunities interoffice and we still remain to get better.

And the last thing that maybe I will think of is challenge, as in the ICC challenges you every day to continue your best, to do better than the status quo, to continue pushing yourself, and there's also many challenges that you have to overcome to get to over $2 billion worth of spend that luckily all five utilities got to in 2016 which is amazing, so those are a few things that I think of when I think about themes.

But more than anything when I think of a theme, I think of diversity and inclusion, and a very smart person one day said that diversity is being asked to dance, but inclusion is being asked to the dance, but when I think of myself, yes, I like to party and I like to dance, but I don't just want that. When I get to dance, maybe I want to have a drink, maybe I want to sit down with people
who don't look like me, maybe I would like to see
the menu, maybe I would like to order, maybe I want
to get a full meal, and maybe I want to have
dessert.

That is diversity inclusion and that's
where we want to be. We want equal opportunity for
all. We're doing a great job, but there's a lot
more to be done and I'm excited to discuss it all
today. Welcome to the ICC.

(applause.)

CHAIRMAN SHEAHAN: Thank you, Commissioner.

Commissioner Rosales.

COMMISSIONER ROSALES: Thank you, Mr. Chairman.

So the point is in 2013 I've seen
utilities take some positive steps for increasing
inclusion in the various businesses, as well as
meeting and increasing their own organization's
diversity, but they are all challenges that I hope
we will address today.

First one is the amount of spend
utilities have in diverse communities that are not
in the State of Illinois. It's actually one of
diverse that is within Illinois, and I think in my perspective it goes against the spirit of what we are trying to do at the ICC and I'd like to see it addressed at some time today.

The second point -- the second point I would like to see addressed is the uniform reporting structure. We need to have that uniform. We can't do this any more by looking for numbers. The numbers are what they are. They should be straight and it should be right up in front and what you need to report. We have our folks that go through these reports and have looked for numbers, and they shouldn't have to do that. They are what they are.

We have made some gains, but it should be very clear and we need to do that by next year. That said, I look forward to our conversation today. Thank you.

CHAIRMAN SHEAHAN: Thank you Commissioner.

Commissioner Oliva.

ACTING COMMISSIONER OLIVA: Good morning. I'm truly excited to be here attending my first Illinois Supplier Diversity Policy Session, and I'm looking
forward to hearing from our distinguished guest speakers and our stakeholders.

As the first Latina Commissioner in Illinois, this is a topic that I can really relate to. I'm happy and grateful to work with the Chairman and Commissioners that put diversity initiatives into action and not just a talking point.

Diversity is important because inclusion offers different thoughts, perspectives, and views to every level of an organization.

In reviewing the report, I was pleased to see the progress that's been made and also recognize that there's room for improvement such as in the professional services hiring numbers.

Companies such as yours have had such a great impact on peoples' lives should respond to individuals in the communities that they serve, according to this discussion, provides many utility companies an opportunity to show these Commissioners, and ultimately the customers that they serve, the value of diversity. Thank you.
CHAIRMAN SHEAHAN: Thank you.

It's now my pleasure to introduce Marcos Peterson, Deputy Director of the Business Enterprise Program at the State of Illinois.

Marcos, there's a small button on top of the microphone. The floor is yours.

PRESENTATION

BY

MR. PETERSON:

How are you doing. Thank you, Chairman and thank you Commissioners, for allowing us to come in and speak on the initiatives and what we are doing here in the State of Illinois for the communities that we serve.

BEP, for those who don't understand, this is the Business Enterprise Program. We help minority women, persons with disabilities, and veterans get certified with the State of Illinois and also we put goals on state contracts and procurements, and then from there we adhere to the rules and laws of the State to insure that the primes and the subs are within compliance of
This is actually the first time that we share in public our BEP cornerstone that we hope to accomplish within the next year, how to increase our procurement goals and increase our participation with minority women, persons with disabilities, and veterans moving forward.

So with that being said, we have six cornerstones that we are working on. I have been in the BEP program for the last year, actually my one year anniversary was last week.

So with that being said, listening to the community and listening to vendor primes and subs, we have identified six areas that we can repair the foundation of this program that has been neglected for over ten years.

With that being said, one accomplishment that we have already checked off was a certification system. August 9th of 2016, this certification system allows 100 percent of an opportunity 24/7 for a vendor to become certified with the State of Illinois in real-time.
Not only does it allow the vendor the opportunity to get this done in a quick manner, we are now on the average of certifying a vendor within roughly around 15 days with a 60-day statute, so we have decreased the average time over 10 business days for a vendor.

With all that being said, within that we hope to, with a target date of August 1st, have a compliance system. Within a compliance system, the current problem is that if a sub-vendor is not being paid off by the prime vendor, what have you, there's no way the state can actually track it, so the only time we find out that there's a problem is if one of the BEP vendors says I'm not being paid. Hey, they're not following the contract. The letter of intent says that they're going to use us at 5 percent and they're not using us.

So within this system in which also is part of the Governor's executive order with a target date of August 1st, it will allow us to actually facilitate and put teeth into a program that has been so toothless for a long time.
So with that being said, the other one is the Governor's Initiative Sheltered Market, Executive Order 2016-08, allows the opportunity for BEP vendors to take a portion or the whole contract as a whole.

The process as it works now is that where we are within the Sheltered Market Initiative we need to put some JCAR rules in and have someone appointed by the Business Council.

So June 26th --

(brief interruption.)

God bless you.

June 26th of this month there is an open meeting to discuss the JCAR rules that will be submitted for the Sheltered Market Initiative which is by the Governor's executive order. Everyone is welcome to attend that as well.

So the fourth one is also goal setting. Are you diversity too large to put a goal on a contract which makes our goal very low? So in order to fix that pillar, we have to find a more legitimate universe in which we will allow companies
and allow BEP and these vendors strong opportunities to actually survive in this state and actually have an opportunity to grow and rebuild.

And with that being said, by state statute anything -- any procurement over $250,000 must go through BEP. Unfortunately, that's not the case, and that's not been the case since BEP's inception. There is no way to track it and no way to move forward.

So with that, we do have a new procurement system, God willing, to go out soon to see how that happens, but as to the discussion I had this morning, we are making sure that BEP has to check off on any procurement over $250,000 before it can even hit the streets with that to insure that the appropriate goal for minority women, persons with disabilities, and veterans have a fair shot to grow in this state, so these are six pillars that we working on.

Also, we would like to open up to everyone here in attendance as well, and we do have three spots open on the council so if anyone would
like to participate in this great initiative, we are happily moving forward.

We are absolutely open up to questions.

CHAIRMAN SHEAHAN: Thank you.

Any questions from the Commissioners?

(No response.)

Thank you. Appreciate it.

Commissioner Oliva is going to introduce our next speaker.

ACTING COMMISSIONER OLIVA: Yes. Thank you, Chairman Sheahan.

I'm thrilled to introduce Ennedy Rivera, General Counsel for Lieutenant Governor Evelyn Sanguinetti.

As General Counsel, Ennedy manages all legal issues for the Lieutenant Governor and the Office of the Lieutenant Governor.

In addition, Ms. Rivera serves as the Legal Liaison to the Department of Human Rights, Human Rights Commission, Torture Inquiry and Relief Commission, Guardianship and Advocacy Commission,

Before joining the Office of the Lieutenant Governor, Ms. Rivera previously served as a Senior Associate at a law firm where she focused on civil litigation, municipal law, general practice and criminal/immigration defense.

Ms. Rivera, you have the floor. Thank you for being here.

MS. RIVERA: Thank you. Thank you, Commissioners.

CHAIRMAN SHEAHAN: You could just hit the mic.

PRESENTATION

BY

MS. RIVERA:

Thank you, Commissioner Oliva and the ICC Commission as well. Thank you for the wonderful introduction and for having me here. I am Ennedy Rivera, the General Counsel to the Office of the Lieutenant Governor. On behalf of the office, we welcome everyone to the Annual Supplier Diversity Policy Session.
As we all know, the utility industry is a major driving force towards its economic development, yet equally important to that statement is the realization that diversity makes Illinois companies and the state stronger.

Diversity is a tremendous asset. It helps drive a better performance through a vast array of perspectives, richness of talent and experience.

We know that the current economic climate in this state is not conducive for businesses to thrive, especially those that are minority-owned; however, minority-owned firms and entrepreneurs are the growing demographics that if properly cultivated will spur economic development in underserved communities, facilitate job market growth, and sustenance in minority communities and increase minority entrepreneurship furthering migration into the State of Illinois.

You see diversity brings a competitive advantage. This is the primary reason why there needs to be a direct focus on minorities, women,
disabled, and veteran populations within the State of Illinois.

Business diversity is good for everyone. It helps small businesses develop and grow. It helps large companies diversify their supply chains. It helps local state government expand their economic base. It even helps strengthen the vitality of our communities.

We all benefit by leveraging on the strength, creativity, and flexibility that is inherent in diversity.

I want to take a moment to thank and recognize the corporate leaders that support this initiative. The Illinois Utility Business Council's commitment to supplier diversity is steadfast making Illinois more competitive and innovative.

Now to every participate here, you have an important seat at the table. Leverage it. Roll up your sleeves and tackle the hard issues together. You are here to share your talent, your skills, your knowledge, and your expertise. Thank you for having me here today.
The Office of the Lieutenant Governor looks forward to working together with you in support of the State of Illinois.

CHAIRMAN SHEAHAN: Thank you.

We will now turn to Commissioner Rosales who's going to introduce a series of brief remarks on the stakeholders.

COMMISSIONER ROSALES: Thank you, Mr. Chairman.

At this time I would like to introduce a new segment to our policy session where we hear from supplier diversity advocates and business executives who will share with us their perspective as to the state of supply diversity in Illinois regulated utilities.

This will include anything from senators working with the utilities as an advocate or contractor to successes, challenges, and recommendations for moving the needle forward.

First off we have Ms. Beth Doria, Executive Director of the Federation of Women Contractors.

Ms. Doria.
CHAIRMAN SHEAHAN: The button is on the face.

MS. DORIA: Right where it says push.

(laughter.)

PRESENTATION

BY

MS. DORIA:

Good morning. My name is Beth Doria and I'm the Executive Director for the Federation of Women Contractors, otherwise known as FWC. Our organization was established in 1989 as the largest and the strongest organization advocating for women as construction owners.

Before I start my remarks, I do want to thank the entire ICC Commission, as well as staff, for their commitment to seeing this historic precedent-setting program succeed, and Commissioner Edwards, I do agree that it does take people who get it to push things forward.

Thank you again for the opportunity to speak to you today to celebrate the efforts made by the utility companies to increase their diversity participation and to have a frank conversation about
meeting the challenges they face in that endeavor.

In 2012 when my organization first introduced the legislation that subsequently became Public Act 98-1056, we did so in a collaborative spirit to help the utility companies identify certified MWBE contractors that were capable of working on their projects, as well as identifying areas in which there was a dearth of availability.

There had been great models for smaller diverse companies that were able to grow within the industry and eventually help to identify and mentor other smaller diverse companies.

It was our hope that this legislation would spur this type of expediential growth of an MWBE firm within the industry.

Changing corporate culture is rarely, if ever, an easy thing and it's something that requires firm commitment from the top down.

I believe the numbers that we have seen reported in the past few years have shown that there has been an earnest effort to provide procurement opportunities for diverse firms and, in
fact, several of my members have reported that after
many, many years of trying to provide work for
various utilities without success, they have now
been able to secure contracts.

We must celebrate these successes and
build upon them, but each of the companies here must
also take a critical look at the barriers to entry
within their internal operations that previously
prevented these very capable companies from doing
business with them, particularly in light of the
fact that these were not new start-up companies.
They were well-established, well-capitalized, very
experienced companies.

We recognize that not everyone can
work in the utility space. There are significant
requirements that a company must meet in order to
successfully compete in this highly-regulated
marketplace, but there are firms out there that are
more than capable of providing great service at
competitive pricing, some just simply need to know
who they present their capabilities to. Others may
need a little more assistance, such as mentoring
with business collaboration in order to be successful in this market, but they are out there and they're anxious for the opportunity to prove themselves to you.

Utilizing diverse firms should not be a race for numbers. There should be no finish line, rather it should be viewed as a strong business practice that allows each company to examine and emphasize their economic impact on the communities they serve and the state in general, because at the end of the day, that's what this is all about, creating and growing strong businesses that support our communities and the people that live and work within them.

Let's all work together as partners to develop a long-term strategy for growing these businesses and expanding the pool of available vendors that will outlast all of our tenures. That's how we will measure success.

We stand ready to work closely with each and every one of the representatives here, as well as the ICC Commission, to establish that goal.
Thank you.

COMMISSIONER MAYE EDWARDS: This is a quick question. Ms. Doria, you made a statement you don't believe that this should be about a race for numbers so to speak.

What are your thoughts on other states having set quotas in place to try to have their utilities meet certain numbers or it sounds like it may be more of a detriment.

MS. DORIA: Well, in the beginning it is the only way to really start the process. Unfortunately, you know, throughout history it's been proven that they're just left out there. In fact, there is no real goal in mind and no real driver to push, particularly private companies, to move the needle forward on diversity.

So I certainly believe in setting goals, because that is the impetus to start moving the process forward, particularly as it relates to diversity, but I don't want everyone to be solely focused on those numbers, because it really is about building long-term relationships with the companies,
as well as the providers.

What we don't want to see happen is companies coming in getting a contract, you know they're all excited and they have done a great job and they're looking forward to the next project and then nothing, because perhaps the company or whatever met the goal, and then that's it.

What we want to see is a long-term relationship development so that these companies are able to continue to work on projects, even on projects where there are no specific goals, goals assigned or just past good business practice to work with the companies.

COMMISSIONER MAYE EDWARDS: Thank you.

MS. DORIA: You are welcome. Thank you.

COMMISSIONER ROSALES: Thank you, Ms. Doria.

Our second speaker will be Roberto Cornelio, Director of Business Development at GSG Consultants.

MR. CORNELIO: Is this still on?

COMMISSIONER ROSALES: You are still on.
As you introduced, Commissioner Rosales, also you mentioned again two different groups of people who are advocates in business development or business leaders, and I think I'm going to be the hybrid that has both as to experience.

Good morning, Commissioners and distinguished guests. I have had the opportunity to be a part of the supplier diversity process with Illinois utilities from two perspectives.

In my former life, I worked for the Chamber of Commerce and was directly involved in building relationships with officials from Illinois utilities at a time that they were starting to engage with diverse suppliers.

I have seen all the progress that has happened since and the companies -- the utilities truly deserve to be commended and recognized for their commitments.
Yes, there has been progress and success, but there's plenty of opportunities yet to build on this success.

I will show you an example. I'm probably one of the real people that actually read through each of the reports that were submitted by the utilities, and according to the 26-page report that was submitted to the Commission, the combined spend by Illinois-based -- by the utilities with Illinois-based diverse businesses amounted to an impressive $936 million in growth in 2016. Kudos to them for that, but the combined spend by our utilities with non-Illinois-based diverse companies amounted to more than $1 billion in 2016.

Now just imagine what bringing home $1 billion in business would mean to Illinois diverse businesses and their communities. It presents a great opportunity to help businesses grow and create jobs and improve and enhance the quality of life for our utility customers in Illinois.

My other experience with the utility supplier diversity process has been in the last two
years as director of business development for GSG Consultants. When I worked for the Chamber, I understood the process of becoming a supplier to corporation, a large business or a small business.

So I made a commitment to the utilities that we would vet potential suppliers and only bring to the table those businesses that we knew could deliver value and succeed. GSG Consultants was at the top of the list then and continues to be at the top of the list now.

One of the lessons I've learned early on working for a small business when it comes to suppliers and corporate finances is a lengthy process, that you must have the capability, experience, expertise, and scale in the business areas to meet the needs of your potential clients.

GSG has a 25-year history of delivering value in several business areas that are aligned perfectly with the utilities' need for professional services, so it is the commercial attitudes we need to look at.

With more than 90 professional
entities just Hispanic or MBE and years and years of experience as a prime contractor to key government agencies and extensive experience working as a subcontractor to some of the most prestigious and renowned architectural and engineering firms -- global companies, we began the effort to be in business for Illinois utilities a little more than two years ago.

GSG' business development model has always been to be very patient but steadily persistent with a commitment to continue to develop partnerships as best as we can.

GSG has recently became a tier one environmental consultant of choice with one major utility and we were fortunate to have recently signed a master service agreement with another Illinois company.

GSG's business has grown over the last two years with a new partnership with a -- I have written a premier tier one supplier, but it's literally NPL, and I think you will be hearing from NPL briefly.
GSG has been working as a subcontractor to NPL for over a year. We provide third-party quality control and safety audits and we are proud that NPL has acknowledged time and time again the value that we delivered to them and how we helped them maximize their business capacity.

Safety is so vital in the utilities and we focus on committing to that service, so the relationship that we have built with NPL for us is a model of how the tier one and tier two supplier relationships can be effective and profitable.

The utilities of Illinois make a sincere effort to connect the tier one suppliers with potential diverse suppliers. I just quickly want to recognize and salute all the supplier diversity leaders from each of the utilities we have had an opportunity to work with them over the years. They're outstanding in the work they do. They're fully committed, so I want to say thank you and recognize them for their good work.

So, as the utilities make a sincere effort to connect the tier one suppliers with
potential diverse subcontractor tier two suppliers,
our experience in this process unfortunately has
been difficult.

Unfortunately, our experience has thought of in many major tier one suppliers through Illinois makes little, if any, effort to achieve the goals that they're expected to achieve unfortunately. We urge the utilities and the Commission to take a look at that.

I think there's a need to demand a greater measure of accountability and explore and implement new initiatives that will guarantee and insure that the utilities' tier one suppliers work with Illinois-based minority-owned businesses.

Thank you so much for your attention and time.

COMMISSIONER ROSALES: Thank you.

Roberto --

MR. CORNELIO: Yes.

COMMISSIONER ROSALES: -- we seem to have a theme here already as we begin about the tier one suppliers and their responsibility and their
What are your recommendations?

MR. CORNELIO: You know, I was at a supplier diversity summit recently where I learned that the process is that utilities ask their tier one suppliers to submit a supplier diversity plan as part of a bid for a proposal and they hold them accountable to meeting their own plan, their own expectations.

I think that the challenge is that there is different ways that the utilities manage their relationships with the suppliers.

What I learned is that if the tier one prime supplier fails to meet their own goals that they reported to the company that they can be awarded or given a zero rating and potentially lose business. I think that's very good.

If you can sort of establish the expectation that there is a real and serious expectation that the utilities or the demand that the utilities' tier one suppliers to utilities show effective, supportive relationships and truly bring
minority businesses through the process, that would be a broad recommendation.

Again, there is no mandate. There's no legal requirement, so I guess expectation in some cases is just a hope that that will happen. Our experience in companies that this -- there are some flaws in the process.

We will be more than happy to work with the Commission and work with the utilities to offer ideas and explore new ways to make that much more effective.

COMMISSIONER ROSALES: Thank you.

MR. CORNELIO: Thank you.

COMMISSIONER MAYE EDWARDS: I want to comment on one thing you said regarding the spending outside of the state. That is something that we also as Commissioners notice and something we started -- had a conversation with our utilities about and whether or not there are ways to bring some more of that money into the state.

You understand it's truly about bettering our communities and really to pour money
back into it, particularly from the demographics.

Thank you.

MR. CORNELIO: In some cases the utilities probably buy items that are not manufactured in Illinois. For example, so when they setup there's some level of that, but I think we would all agree that there's plenty of business capacity in Illinois, including my own firm, that can deliver quality goods and services to the utilities.

Thank you very much.

COMMISSIONER ROSALES: We agree. Thank you very much.

MR. CORNELIO: Thank you.

COMMISSIONER ROSALES: Stephanie Hickman, CEO Trice Construction. Welcome.

PRESENTATION

BY

MS. HICKMAN:

Good morning. Commissioner Sheahan and Members of the Commission Staff, thank you for convening today's the Annual Supplier Diversity Policy Session. I am pleased to be here this
morning and to have an opportunity to offer my comments.

My name is Stephanie Hickman and I'm a second generation owner and president of Trice Construction Company located on the Chicago south side for 50 years.

And after I left my legal and corporate career in 2007, I bought out the small construction business that my father and uncle started, and over the last ten years we have transformed into a utility infrastructure and commercial concrete contractor.

We employ a diverse work force, including African Americans, Latinos, and women as part of the Trice theme, and we currently have prime tier one contractors with all but one of the utilities in the State of Illinois.

In the ten years that I have owned Trice, I have experienced challenges and access to capital, and access to opportunities, and, obviously, it takes both to grow a business.

I, too, read all of the reports that
were filed and I know that a majority of the utilities stated in their reports that scale of diverse suppliers was a challenge to their ability to provide more contracting opportunities to diverse contractors.

The one reason consistently cited was access to capital or rather the lack thereof. This issue creates a catch-22 for diverse suppliers. The access to the contracts that create a documented pipeline of business is necessary to access the capital needed to scale; thus, it's incumbent on the utilities to build the contract opportunities to support the access to capital needed to scale in a way that supports the needs of the utilities.

Last year Mr. Ralph Moore provided expert testimony outlining the importance of strategic relationships in the growth of exceptional suppliers, likewise, Ms. Gloria Castillo has spoken about Chicago United Five Forward Program and its enablement of the growth of minority firms, and briefly in the Five Forward Program a corporation makes a five-year commitment to the year-over-year
growth and its spend with selective businesses.

A documented commitment of this type helps banks and other funders become comfortable and makes them more willing to lend to support growth. It allows that diverse business to secure the capital needed to make the investments necessary to support the infrastructure required to scale its business, and we have seen as focused on the development of a diverse contractor in developing that contractor to scale work in Illinois, and I think it's been a good success model for that that we can look to.

I'm grateful to the utilities with whom Trice does business. We have multi-year contracts with them, and these contracts have been instrumental in our ability to secure capital, the capital needed to purchase trucks and heavy equipment and to hire the staff that's need to manage the work.

This expanded pathway for success will allow Trice and other firms to increase the number of employees, engage other minority and women-owned
businesses and subcontractors and professional service providers and leverage this growth to scale in a manner that will support the needs of our utility clients.

So what we really have here is a synergistic environment. The access to opportunity drives access to capital which in turn enables the diverse firms to scale. You know, when do you get into that model?

I think it really starts on the front end with a commitment to not only the spend but how that spend is allocated in a way that we can grow our businesses to scale.

So I thank you for the opportunity to address you today. I urge your continued support of supplier diversity and your acknowledgement of the continued growth of diversity spend among utilities. I look forward to the balance of the day.

COMMISSIONER MAYE EDWARDS: Thank you.

COMMISSIONER ROSALES: Commissioners?

(No response.)

Thank you.
Next we have Dylan Hradek, Regional Manager of NPL Construction Company. Mr. Hradek, good morning.

MR. HRADEK: Good morning.

COMMISSIONER ROSALES: Good morning.

MR. HRADEK: Very good with Hradek. It's Bohemian. I'm very impressed. Thank you.

PRESENTATION

BY

MR. HRADEK:

Good morning. I appreciate the opportunity to come and speak on behalf of diversity and some of the opportunities that have been put forth to us.

I'm a 27 year -- I don't want to call it graduate, but employee of the utility industry, which is by immersed as it was a made-for-TV movie as a hold, but we could see it in the future.

With all kidding aside, as you build a program, it's very important to state, yes, opportunity is extremely important, but also the preparation, so meaning that your firm must be
ready, prepared to receive your opportunity.

When those two things meet, then you are very successful, and one of the reason that is because you are building on something that has longevity and stability, which is very important as you grow a small business.

We have to be cognizant of the fact that these opportunities not only have to be upfront but they also have to have some time space to them for firms to develop and also grow into their skin per se.

The most important thing is that you have to be patient and understanding as you grow with smaller firms, and, again, we don't like to call them firms.

Everybody that works for NPL we consider them partners, not subcontractors, not vendors. They truly are partners and that's the way you have to build, because again, these are smaller firms. They're diverse. That means you own that firm yourself. You have to be cognizant of that fact.
NPL at times can be a very little insensitive, I will admit, because we are a large contractor, capital is really not an issue, resources are, but we need to take those and spread those opportunities to all our vendor partners.

Thank you again for the opportunity to speak, and we look forward to a great future in Illinois and continue forward.

COMMISSIONER ROSALES: Thank you.

Next we have Jorge Perez, Executive Director of the Hispanic American Construction Industry Association. Good morning.

PRESENTATION

BY

MR. PEREZ:

Good morning, Chairman Sheahan, and Commissioners, and everyone here in attendance, Commissioner Rosales. My name is Jorge Perez and I'm the Executive Director of the Hispanic American Construction Industry Association, HACIA, and on behalf of our Board of Directors, I'm please to provide testimony to the State of Illinois and the
Illinois Commerce Commission. I am joined by our board president, Ivan Solis, and our board secretary Sandi Liano.

In the fall of 1979 as an advocacy organization, HACIA now represents 300 professional service firms and construction-related businesses that employ thousands of workers in the State of Illinois.

In fact, we are an economic impact for our members, has an annual output of $400 million. Our members have been involved in public sector projects for the past 38 years here in Illinois and we know that Hispanics have continued to grow in numbers and we know we will continue to be engrained in the economic, social, and political foundation of this region and the country.

This is ever critical because of the projected growth is coming -- overall is coming from the Hispanic community. Hispanics have a strong entrepreneurial spirit and many have taken the opportunity to establish businesses through the
region during the past several years from retailers
to general contractors but also to architectural and
professional service firms.

Most Hispanics in construction work in
the private and residential market. HACIA has a
strong legacy of assisting firms to make the jump
from the residential to public and strategic
marketplace.

We do a lot of services. We do a lot
of training. We do a lot of workshops from large
projects at O'Hare International Airport to schools,
other projects, to the secret servicing work at
Soldier Field, Sox Park, and Wrigley Field, to work
at the Illinois Tollway, and for the City of Chicago
water/sewer capital projects.

Our members have been involved in
quite a bit of the projects, so our capacity is
definitely there. We have advocated for a broader
range of opportunities for our members in bidding,
and we have been successful.

It is in the public sector and
infrastructure that our members have designed many
of the projects you see every day, but that is in the public sector where the work and projects that are involved and provide opportunities for HACIA members to grow and really make that leap add more employees being closer to achieving the American dream.

For the past few years HACIA has been been attending these hearings as a result of the legislation and we strongly support with our strategic allies, the Federation of Local Contractors.

This legislation was ideal for HACIA members, because of its strategic intent, which was to add utilities in Illinois report diversity spend and report to you, the Illinois Commerce Commission, the past activities related to minority and small business spend.

The report and hearings have been official because it does provide for an understanding of the size of the market that professional service firms and contractors are facing and the opportunities that exist between work.
through ComEd or Peoples Gas here in Illinois.

For years before the legislation it would be very difficult for HACIA to explain to a member how a contractor or professional service firm could get introduced to or how they would work with the utilities.

For ComEd, it would be just call Raymond Solis and no one knew what else happened after that, except for the few firms that actually did get the work. Once more when one would ask how much spend or how many firms they would contract with, the answer would vary from each utility.

We would always say did you ask them? They would say we do a good amount. Well, how much is it? Well, we do a good amount, and that was it. Talk to Raymond Solis.

Now Ray is a great guy, fellow south Chicagoan. Love him dearly, but I think as a result of this legislation, they really push the efforts forward tremendously.

After the first report was submitted and reported here in this very room, in fact,
they're very different. Relative to overall spending, the amount of money that each minority-owned firm saw was low, but then it started to grow in 2012, and the report will show that.

This is encouraging when we applied the use of these as is what the strategic intent for the legislation was.

We want to have a conversation as opposed to what it was in the past. We want to have this conversation in this room. We want to hear the numbers to provide for a thorough understanding of what has been done and what can be done.

Now we understand that the internal corporate mind-set has been changing in institutions and it's not easy. Many employees now understand the importance of diversity inclusion in everything that they do, and this is critical. We know it has opened doors for firms who are new to utility work in the past have prospect utility work and haven't received even a call back.

We know one member, for example, that prospected Peoples Gas for 20 years and never got a
call back grew his business, grew capacity and
started doing other things.

There was a switchover at Peoples Gas
and low and below opportunities opened up and he
became a secured contract and performed very well.

COMMISSIONER ROSALES: Sorry to interrupt.

MR. PEREZ: Now I wouldn't say that what is
consistent is -- I'm sorry. Now we know many of the
programs exist and we still want to know how to
actually get our members involved in these programs.

Now I have spoken with Melvin
Williams, and Anne Praggiore, and Charles Matthews,
and other key members at the utilities and we all
know that the focal mind-set is where it needs to
be, but we know that as they dig deeper into their
organization at the senior project manager level on
down that's where the challenge sometimes lies and
we are here to help out where we can.

I would add finally that we have
talked considerably about subcontractor
opportunities and as the Federation of Contractors
Authority, as I just mentioned, if you want to look
it up at opportunities, that create more sustainable opportunities or not only HACIA members but all members in the community -- business community.

How to actually get a subcontractor to become a prime contractor would be a good challenge to meet. You know, a few companies who have met that -- increased their revenues significantly, but it's only a handful, and I think over the long term we want to know to get to the mid-level opportunities to get these firms to move out of being a subcontractor to the prime contractor opportunity as well as professional service firms.

So, in conclusion, I would add, if I can, that as a result of this legislation, we have been able to push forward legislation to do the same in other markets, hospitals and health centers, that some of this legislation was passed a year ago, and in this past session we have been able to do the same for railroads, telecoms, those who receive tax credits, and private universities to report their diversity spend.

So we believe and we envision a larger
group of contractor professional service firms being able to do more throughout Illinois for whatever market there is.

In conclusion, I want to thank you very much for this opportunity this morning and I'm here to answer any questions.

COMMISSIONER ROSALES: Thank you.

MR. PEREZ: Thank you very much.

COMMISSIONER ROSALES: Let me remind everyone that is speaking that we really need to keep it to the three-minute level.

And thanks to Jorge as a resident of Bridgeport calling it the Sox Park.

(laughter.)

Next up is Gerardo Rodriguez, Executive Director of the LGBT Chamber of Commerce of Illinois and Josh Lashmett owner of iCandee Marketing.

MR. RODRIGUEZ: That is just me.

COMMISSIONER ROSALES: Welcome.
PRESENTATION

BY

MR. RODRIGUEZ:

Thank you. Thank you to the Board of the Chamber of Commerce and Illinois Commerce Commission. So on behalf of the LGBT Chamber of Commerce and the National Gay and Lesbian Chamber of Commerce, I am Gerardo Rodriguez. I'm the Executive Director of the Chamber, so I want to talk to you a little bit about -- hoping we can expand the Public Utility Supplier Diversity to include LGBT certified small business owners in Illinois.

What's happened so far is happening so far in California, Massachusetts, Pennsylvania across a number of federal agencies and more than a third of the Fortune 500 companies they all accept LGBT small businesses.

So the rationale is simple. The state's economy cannot achieve its full potential and develop full participation for every one in the State of Illinois.

Greater diversity among suppliers
encourage greater innovative and competition,
greater competition for all, and it's really in many of the dollars in taxpayer savings for our state.

At this very moment, the LGBT businesses provide top quality goods, such as personnel and paving stones at extremely competitive prices submitting the prime contractors of Illinois instead. They deserve a fair and equal chance when its contracted outright and help contractor spend.

In January of 2017 at the LGBT, the National Gay and Lesbian Conference, released a groundbreaking first analysis on the economic impact of LBGT businesses in the United States.

Each year LGBT-owned businesses add $1.7 trillion to the economy. They create lasting businesses that employ tens of thousands of Americans and diversify local economies and make our cities more attractive to investments.

Illinois' estimated 45,000 for LGBT-owned business owners, businesses statewide have the ability to keep growing the state and the economy. They just simply need an opportunity.
Opening them up to our communities is a simple matter of fairness and cement Illinois as a national leverage, economic opportunity and contract and opportunity in all of the communities in Illinois, and I stress and I'll continue to stress all the communities.

It's extremely important to note that in Illinois the LGBT would not only strengthen contract opportunities for our friends already in diverse business communities, adding more suppliers fuel competition, lowers prices for taxpayers, and allow diverse communities continue to work together.

It's time for Illinois to take its place with most inclusive states for minority diversity in America.

Following engagement in California, LGBTs in office (sic) include LGBT contractors to public utilities, there was a mandate used (sic) and there was more than a 200 percent increase of LGBT women businesses within the first year, and we know that can happen here in Illinois as well.

So strong modernizing, increasing WMBE
requirements, and vendor programs in every day corporations and in communities that bring everything we are into everything we can be to make us more competitive as a business and more confident as business people, more connected as a business community and more successful as an economy.

We are excited to say in our state on the engagement list of true inclusion and not just the right thing to do, but it's also an economic benefit to every citizen in the state. Thank you.

Any questions?

COMMISSIONER MAYE EDWARDS: Just one quick question. Are LGBT -- I'm sorry -- LGBT and LGB- -- (sic) interchangeable or is it a concern or I'm wondering if you're saying the LGBT? Do you understand --

MR. RODRIGUEZ: If I did say SBN, it's LGBT.

COMMISSIONER MAYE EDWARDS: Thank you.

MR. RODRIGUEZ: Thank you, Commissioner Rosales.

Thank you.

COMMISSIONER ROSALES: Next we have Sam Ramirez, President of Senior Managing Director of Ramirez and
Company, Incorporated. Good morning.

PRESENTATION

BY

MR. RAMIREZ:

Good morning, everyone. Thank you, Chairman and Commissioners, for inviting me to speak on behalf of Financial Services.

My name is Samuel Ramirez, Jr. I am President and CEO of Ramirez Asset Management, as well as Senior Managing Director of Ramirez and Company. We are the oldest Hispanic investment banking firm in the country started by my father in 1971 in New York.

We have ten offices throughout the country, Puerto Rico, including one in Chicago since 1994. We provide investment banking services to corporations, state and local governments, and institutional retail investors.

We deliver these services to the regulated electric, gas, and water industry nationally, including Illinois, and it is great to see so many companies with which we do business with
and so many friendly faces we have known for many years.

Many of the companies and the representatives here we have seen at various supplier diversity functions in Illinois and elsewhere around the country.

And, as I was thinking about the remarks I was going to make today, it occurred to me that after all these years of being in this business some of these folks that are here today are some of the finest people we have gotten to know professionally and personally.

Richard Mark from Ameren-Illinois, Ryan Martin and his team, we just participated as co-management in one of his various subsidiaries last week are great people to work with.

Anne Pramaggiore at ComEd, and Ms. Karen Peery (sic) from Exelon, Jack Thayer, Gerald Triplett (sic) and their teams were all first class executives.

Melvin Williams at Nicor Gas and its parent company Southern Companies, we have known
Drew Evans through my colleague David Hern (phonetic) for many years and he's brought me through many things.

We have had a long and meaningful relationship with them and their treasurer and corporate and finance team in Atlanta.

Charles Matthews from Peoples and North Shore Gas and its parent, WC Energy; Scott Lauer, Jim Shubelski and Chuck Nabo (sic) are great people who we've worked with closely and regularly.

Bruce Hauk from Illinois American Water we have called on and worked with regularly for many years with my colleagues in both Philadelphia and around the country are some of the brightest people we have had the pleasure to work with and who we have shared many substantive business conversations. I hope I'm not leaving anyone out. If I have, I apologize.

But the point is that the business relationships we have developed over the years with the Illinois-regulated companies are meaningful and have helped us to advance our prime despite the
challenges and other similar firms have when we compete in the space that is dominated by relatively small numbers of large international money center banks, particularly with clients that are capital-intensive and capital hungry like utility companies.

I recognize that we are disadvantaged by not providing a balance sheet to a capital-intensive industry, but this should not detract from the fact that we are really adding value to these companies and their businesses and the people who we work with there.

We have found the balance sheet providers have certain expectations around the businesses and transactions they received from the utility companies. We have not such expectations, and because of that, we do our services as adequate and complementary to the big banks because as they say we have to earn the business we get.

Because of these challenges, we have developed a utility company relationship through a wide range, sometimes through friends of these
companies who have been senior level management or board members, sometimes through business relationships we've developed at previous firms, sometimes in the case of utilities with regulators who use supplier diversity through a prism of not only doing the right thing, but also seeing as a way of adding value to the utilities and the ratepayers by supporting smaller firms that bring different capabilities, viewpoints to their unique challenges.

I have heard it said that given the expectations the large banks have given, their lending activities to MWBE firms and provide a real meaningful competition in the investment banking space.

I believe we have some of the best and brightest and most capable people in the investment banking industry focusing on utility companies. All the companies in this room have had meaningful substantive conversations with my team as we help them think through their index funds in some of the most important capital markets and corporate finance issues facing their companies.
These conversations have addressed how to best optimize their funding activities with our capital market team and have the best position strategically in channeling the industry landscape with our team and how to generate asset returns in their pensions and investment activities through our asset management company.

Premier (sic) Company is one of the best capitalized IUBDC firms with the ability to underwrite in excess of 500 million of their securities and investment grade companies. We have had meaningful capital market rolls for utility companies across the country having been a joint manager for six utilities over the last five years.

COMMISSIONER ROSALES: One minute.

MR. RAMIREZ: Excuse me?

COMMISSIONER ROSALES: Times up.

MR. RAMIREZ: We have provided advisory services to utilities, as well as asset management.

As we continue to have conversations about how we can add value to companies, we are grateful to Chairman Sheahan, Commissioner Edwards,
Rosales, and Acting Commissioner Oliva for providing focus on the supplier diversity efforts, broadening and supporting our efforts to provide present banking services to Illinois regulated companies.

I thank you for this opportunity.

COMMISSIONER ROSALES: Thank you.

Georgia Marsh, Chief Development Officer for the Women's Business Development Center.

Ms. Marsh, good to see you.

PRESENTATION BY MS. MARSH:

Good morning, everyone, Commissioners. Good morning ICC Staff. Good morning to all of the utility partners and all of the other stakeholders, and on behalf of the Women Business Development Center, we support everything that's been said up until this point.

As many of you know, the Women's Business Development Center is a 30-year old women's economic development organization. Supplier diversity has been and will always be our DNA. We
work in a very positive way with all of the utilities here.

We are the largest of all of the regional partner organizations under the Women's Business Enterprise National Council. In that capacity, we certify Women Business Enterprises, which is the gold seal certification that is accepted by the utilities and accepted with corporations throughout the United States.

We are very fortunate to have a relationship with all of the utilities here and in that capacity they have also invested in some of our programs to insure we're building capacity.

Today I want to talk about veterans. Veterans have been something -- the WBCC over the years have looked at other populations that are being underserved, and about five years ago we started a program for women veterans recognizing at that point that the underemployment rates were over 35 percent.

We knew that the various skills that women veterans came back with and that veterans per
se came back with were the kind of skills that align with business ownership.

We have successfully operated that program and we are recognized by the Small Business Administration operating the Veterans Business Outreach Center, one of 20 across the United States, and in that capacity we deal with active military who are transitioning through the Tap Program and who either owned businesses previously or were looking to get into entrepreneurship. We also work with veterans and military families.

As we have gone around working with our corporate partners, we talked a lot about getting veterans into the supply chains, and one of the things that has been missing is a certification that was going to be as robust as the certification for Women Business Enterprises, for Minority Business Enterprises, and for some of the other groups.

I'm here to say today that finally we are going to have that certification. It's been done under an effort through the National
Association of Veteran-Owned Businesses, and I have been working along with many others, some in the utility industries in other states, to insure that that certification was going to be as robust as the certification for minority and women in the process, and that means that the business is owned, operated, managed, and controlled at least 51 percent by a veteran or a group of veterans.

So I want to give you just a couple of facts about this and then I want to talk about an opportunity for our utilities to participate in this.

COMMISSIONER ROSALES: Well, you have got three minutes.

MS. MARSH: Okay. I'll hurry. Navova has a trademark in the certified Veterans Business Enterprise and certified Service Disabled Veteran Enterprise. The certifications are good for two years.

There's going to be a pilot project that's going to be rolled out this summer and I invite all of the utilities here to participate with
us in that to take some of the veterans currently in
your supply chain and get them certified or we can
help you to locate other veterans who may be
eligible to work in your supply chain, but it's a
great opportunity, and this state has utilities that
work more closely than any other of the nine states
that we work in.

So I offer that opportunity. We are
so happy to be part of this great community and
ecosystem here, and I will contact each and every
one of the utilities we partner with to follow-up on
this. Any questions? Thank you very much.

COMMISSIONER ROSALES: Thank you.

Our final speaker this morning is
Keith Searles, CEO and Owner of Urban GIS.

Mr. Searles.

PRESENTATION

BY

MR. SEARLES:

Good morning. Thank you for the
opportunity. My name is Keith Searles, CEO of Urban
GIS, and I first want to say that as a vendor who
has been working in the utility space for the past six years, we benefitted tremendously from supply diversity initiatives. We have been able to scale -- to some degree we have been able to create jobs and even offices in other locations.

In particular, I would like to acknowledge Nicor Gas, who was the first organization that we worked with and helped us to scale and to build capacity, and Illinois American Water, who we worked with just in the past two years, they have already become one of our top three clients, but all of the organizations I can truly say our commitment as to supplier diversity are very passionate about helping businesses. We look forward to build relationships. We are working with all five IUBC members.

In terms of some of the areas for improvement that I would see as a vendor space, I think there's always more room for capacity to increase resources, particularly human resources. A lot of the individuals in the space try very hard. They're over-capacitated, so it's very difficult for
them to be as responsible as they might want to be. It's difficult for them to have the accountability measures to work with not only their internal staff but external vendors and hold them accountable for seeing through some of the initiatives that they hear about but never come to fruition, just overall being more effective in moving the needle.

The next area would be allocation and focus. Some of the events that they put on are great events but there's a lot of information that is good for people who don't really know about this space but more than likely those companies aren't going to be working with the utilities in the near term because they're very risk adverse and they like to work with organizations that are proven, so if more events were focused on building capacity with organizations like mine who have a proven track record with providing more face time with key stakeholders within their organizations, as well as with their tier one non-diverse firms, and if they were to happen more frequently.
Sometimes they spend a lot of money on an extravagant event at a nice venue. I personally would be okay with it being at their shop or somewhere that's less expensive and having the event more frequently, and then if they could be more systematic and focus with respect to tracking the tier one discussion with non-diverse industries and making sure that when there is a match there and there are synergies that something actually happens as a result of it and that it's not six months, 12 months later and there's no actual business opportunities.

A couple of last points would be looking at unbundling certain types of scope of work that are bundled into the larger contracts that would give businesses like mine a chance to be a tier one more often and to increase the diversity spend in particular for us in the area of utility as-built in an area where we need to excel in and have great expertise.

Cornerstone organizations have that type of service with contractors and it's been very
difficult to demonstrate our capabilities in that space.

The last areas would be in terms of providing more opportunities for voice, so there is a great chance for us to speak but within the IUBDC and other organizations at other events we would love to have more of a chance to articulate where we can support them in increasing supply diversity measures. Thank you.

COMMISSIONER ROSALES: Great ideas. Thank you.

Commissioners, any other comments?

Commissioner Edwards.

COMMISSIONER MAYE EDWARDS: Thank you, Commissioner Rosales, and thank you to our esteemed invited guests for their invaluable insight.

The Commission thanks you as well for your participation and for giving us a frame of reference from your particular point of view and, not only that, thank you for sharing your personal experience with us and joining us today.

It's now my great pleasure to introduce Mr. Melvin Williams, President of Nicor

With over 25 years of experience in the national gas industry and as president of Nicor Gas, Mr. Williams is responsible for the oversight of all operations, particularly the largest natural gas utility in Illinois, serving approximately 2.2 million residential, commercial, and industrial customers.

He is the Chairman of the Illinois Utilities Business and Diversity Council, a forum for business practice sharing and information exchange among Illinois utilities with a focus on enhancing the growth and utilization of diverse businesses in this great State of Illinois.

The founding members of the IUBDC, include Ameren Illinois, ComEd, Illinois American Water, Nicor Gas, North Shore Gas and Peoples Gas, and, by the way, the IUBDC just celebrated its second anniversary on June 11th.

So congratulations, Mr. William. We for look forward to hearing from you. Welcome.
PRESENTATION

BY

MR. WILLIAMS:

Thank you, Commissioner Edwards,

Mr. Chairman, Commissioners. Thank you for allowing us to be here today and thank you for your leadership.

I'll acknowledge that I apologize my voice is a little scratchy today, because I'm under the weather, but please know that.

So it's my pleasure to speak to you today as Chair of the Board of Directors for the Illinois Utility Business Diversity Council, and before I get started, let me acknowledge my colleagues who have been critical to the success of the IUBDC, Anne Pramaggiore, President and Chief Executive Officer of ComEd; Bruce Hauk, President of Illinois American Water; Richard Mark, President of Ameren Illinois; and Charles Matthews, President of Peoples Energy.

I can't stress to you the honor that I have to be the representative for a group of
great, committed, and passionate leaders with respect to business diversity, so it's a pleasure to be able to represent this group.

To all of our advocacy partners who are present today and those who have had an opportunity to address the Commission today, thank you for being here.

By now you have had quite a bit of understanding of the IUBDC, but I'll give you a brief summary of the Council's mission.

The mission of the IUBDC is to serve the Illinois utilities as a forum for best practice-sharing and information exchange with the focus of advancing growth and utilization of utilities based in the State of Illinois.

While each utility is responsible for driving supplier diversity metrics and procurement processes, the details of which you'll hear later today, the IUBDC's purpose is to provide value to each utility by its standing, strengthening stakeholder relationships, provide training and fostering open dialogue and best practice-sharing
among member utilities.

IUBDC utilities' combined spend has doubled over the last two years. In fact, over the past three years, IUBDC members have spent more than $2 billion with Illinois-based minority women and veteran-owned businesses driving direct spend into the Illinois economy.

The IUBDC continues to advance its overall mission, and we are proud of the work we are doing and the impact that we are having on our communities.

Last year, the IUBDC was focused on laying the groundwork as a start-up organization. Today I am excited to share the progress we have made over the past year and our strategy for years to come.

In 2016, the IUBDC carried out the goals established in its first strategic plan insuring that our vision and energy was focused on achieving our long-term goals and, in doing so, we saw extraordinary momentum and results, and I would like to highlight just a few of those.
The IUBDC held two events last year and engaged nearly 400 businesses, professional services summit held at Joliet Junior College in April and the Empowering Business for Success Workshop in November at Brookfield Zoo.

Thanks to you, Commissioners Rosales and Maye Edwards for your attendance and participation at both of those events.

We represent a panel discussion with multiple stakeholder events, including the Aids National Conference here in Chicago and the Black Chamber of Commerce Annual Convention in Peoria.

We also engaged stakeholders through our communications efforts by expanding the content of our website.

For those of you who are not familiar with our website, it is IUBDC.com. We've launched news from the IUBDC and an e-mail newsletter to stakeholders and we've earned both national media attention -- local and national media attention with coverage by the Chicago Defender and the American Gas Association Magazine.
And since formally establishing the Council in June of 2015, we have evolved as an organization during that period. We have restructured and added members and resources and we have incorporated under the state's Not-for-Profit Corporation Act and are seeking our 591C6 status from the Internal Revenue Service.

So you can see in a very short period of time we have done a lot, and through all of these efforts and accomplishments, we are beginning to see our efforts are helping our utilities rethink and reshape business diversity.

And before you you have our strategic plan, and I won't go through every detail of that plan, certainly you will have an opportunity to get engaged in discussions with respect to the plan that we have laid out.

But, as an organization, as we continue to evolve so as our strategic plan. In front of you you have a copy. Our first goal is really to focus around access and enablement.
Through this goal we want to be able to have diverse businesses to seek to grow themselves into sustainable enterprises by increasing access to deeper industry and professional insight and skill training.

One of our key initiatives under this goal is developing a supplier diversity database, the number of utilities to inventory suppliers, and inventory to identify gaps and work with our stakeholders to fill those gaps.

We will also provide training events to access our industry, including a core IUBDC training curriculum and a tier two institute for prime contractors to create access for tier two suppliers, and we will develop a best practices program that can be leveraged by both IUBDC members and diverse suppliers.

Our second goal is to focus around our community impact. Our intent is to drive awareness, access, and positive economic impact in the communities that we serve and serve as a key incubating environment for new diverse businesses.
One of the ways that we will achieve this is by developing a grant or scholarship program to attend an advanced business program. This program will be developed over the next three years with the goal to award our first scholarship in 2019.

Our third goal will focus around engagement. Our intent for this goal is to identify and understand the need for our diverse array of external and internal stakeholder groups in order to better communicate our mission goals to drive a stronger engagement.

We will achieve this goal through three key initiatives, including an outreach campaign with key advocacy organizations, non-profit and business chambers, and developing our communications campaign to engage stakeholders through our website, e-mail newsletter and social media.

Our board approved our strategic plan back in January and we've already made measurable progress so far in 2017.
We have developed a prototype of our database and mapping repository. We've obtained a Certification 101 video and filmed our core curriculum that will be made available to diverse suppliers later in this year.

In April we held a legislative meet-and-greet reception where we engaged in a broad cross section of legislative leaders from across the state.

Last week we held our first prime partner institute event. The goal of the institute is to encourage tier one non-diverse suppliers to mentor and grow business opportunities for diverse tier two suppliers via subcontracting opportunities within our respective utilities, and we have another event planned for later this year to promote networking opportunities between prime partners and diverse vendors in our diverse -- in our vendor community.

We plan to target businesses that were identified during our gap analysis at our prime partner institute event.
And then, finally, economic impact.

These strategic goals will help us drive business diversity within our respective organizations and also drive economic activity in our communities.

We know that our spend has a ripple effect on the economy. These dollars continue to be re-spent during expenditures triggering additional dollars, output, and jobs into the Illinois economy.

Last year the IUBDC members spent more than 880 million with Illinois-based minority women, veteran-owned businesses. Based on the impact multiplier, this collected spend triggered an additional 1.8 billion in value-added economic activity of which 5.8 million is attributable to households supporting more than 9,000 jobs in our state.

In closing, we recognize the immediate and lasting impact that our spend is having on communities here in the State of Illinois. I speak on behalf of my fellow IUBDC board members when I say that we are proud of our progress, our dedication and our commitment to business
diversities has never been stronger.

While there's more work to be done, and we acknowledge that, we know that business diversity makes our companies, our communities, and our state stronger and we remain committed to building a sustainable future. Thank you.

CHAIRMAN SHEAHAN: Thank you, sir.

Any questions from the Commissioners.

COMMISSIONER MAYE EDWARDS: Thank you. Thank you, Mr. Williams. We appreciate your presentation, and thank you for your work with your colleagues as well.

Since the main focal points or one of the main focal points of IUBDC is best practice-sharing, are there any revelations that you can speak of yourself as it relates to your business diversity practices that arose out of the business organization of the IUBDC or not necessarily?

MR. WILLIAMS: I'm not sure I would describe it as a revelation, but, to your point, I think over the last couple of years we have realized is each of the respective utilities, first and foremost had a
commitment around business diversity. We just hadn't had the level of coordination and consistency in terms of the engagement among all the utilities. One dynamic that I think that we quickly realized that all of the utilities were doing a lot. Some things that we were doing was very consistent, other things that we were doing that was very different.

So one of the things that we focused on is those things that were working well with respect to utility sharing, those and creating a learning environment for all of us, and we have been able to capture that in a way that allows us to continue to mature not only with our respective utilities but mature as an organization in the IUBDC.

COMMISSIONER MAYE EDWARDS: May I ask a follow-up question? Just one other thing. I also noticed over the last four years since IUBDC has been established definitely more aligned with the reports for sure.

It does seem to me that you are
collaborating and working together, and we have seen
a lot of consistency.

I was wondering if you could speak to
IUBDC's spend on small businesses as it relates to
meeting your diversity spend.

MR. WILLIAMS: I'm not sure I understand the crux
of that question.

COMMISSIONER MAYE EDWARDS: We will probably get
into it a little further in the afternoon session.
It's something that I have seen and I know
Commissioner del Valle pointed out this last year.
We continue to see a significant portion of
diversity spend going toward small businesses and
oftentimes when it comes to small businesses we may
have organizations that have ten Caucasian men and
that kind of leads to the point of diversity spend,
and what happens then is the utility includes those
numbers within their diversity spend to say we have
reached X-goal and it just seem a little
contradictory.

MR. WILLIAMS: So a couple things with respect to
that. One, we have made a concerted effort to
making sure that we were separating the small
business from FTD spend from our diverse spend for
reporting purposes.

And while we certainly continue to
mature our relationship with all of our business
partners to including small businesses, our focus
and mission is to continue to grow the diversity
within small -- minority, veteran, and women-owned
businesses, so it is a focus. We do understand the
dynamics associated with insuring that we're
consistent in our reporting.

We will continue to mature around that
process. One of the challenges around that is that
you can imagine having five different utilities with
different technology platforms with different
processes, with different ways in terms of how we
have information and consistently aligning that into
one process.

We are certainly not where we would
like to be. We're much more further along in terms
of maturing that process in terms of where we were
several years ago.
COMMISSIONER MAYE EDWARDS: Thank you.

Thank you, Commissioner Rosales.

COMMISSIONER ROSALES: Always.

President William, I just wanted to thank you for your work. I was very clear to you if you recall a conversation over a year-and-a-half ago where I was not as -- I didn't feel very comfortable in the progress that you made, but certainly now this is a correlation -- clear correlation between the work of the IUBDC and the amount of spend within the utilities.

So I just want to tell you I'm appreciative of the work that you have done.

MR. WILLIAMS: Thank you.

CHAIRMAN SHEAHAN: Thank you, Commissioner.

Mr. Williams, thank you again and thanks to the utilities and the counsels for really a terrific work. We appreciate the reports and we are going to take a break now and reconvene at 1:15.

(Whereupon, a break was taken at 1:15 p.m.)

If everyone would take their seats,
please. We will reconvene our session.

We continue to have Commissioners Edwards, and Rosales, and Oliva with us, and we do have a quorum.

We are really honored to have Representative Marcus Evans with us. He represents the 33rd District.

If you would join us, Representative Evans.

REPRESENTATIVE EVANS: Thank you.

COMMISSIONER SHEAHAN: And the floor is yours.

PRESENTATION

BY

REPRESENTATIVE EVANS:

So I know you all are serious about this problem and so I will do my best. I am a politician.

(laughter.)

Beginning my remarks and say good afternoon and greetings from the people of the 33rd District, and for those of you who don't know the southeast side of Chicago of the 33rd District,
starting with the City of Chicago going all the way out to Burnham, Calumet City, Lansing, and Sauk Village.

I'm excited to be with you today for the Fourth Annual Supplier Diversity Policy Session to discuss the importance of supplier diversity initiatives in the State of Illinois.

As you know, Section 5-117 of the Public Utilities Act requires regulated gas, electric, and water utilities with a hundred thousand customers with more of an annual procurement goal and actual spend by minority-owned, women-owned veteran,-owned small businesses.

I strongly support any efforts made by businesses to help diversify the economy, and I stand before you today and I'm excited to see you have been striving to meet the goals set out for you by the legislature.

It's always encouraging to see a piece of legislation that has real positive and lasting change for the people of our state and even more so in the area as important as the one we are
discussing today. Embracing diversity positively impacts our community and citizens.

    Again, I thank you for allowing me to go on record, and, again, we just passed a bill recently in regard to the railroad in similar fashion with diversity, so it's more work for you all at the Commission, but I have all the confidence in your leadership, Chairman, and your body to push for diversity so you can make some real changes.

    Thank you very much.

    CHAIRMAN SHEAHAN: Thank you, Representative.

    Representative, we want to thank you for your leadership as well.

    REPRESENTATIVE EVANS: Thank you.

    CHAIRMAN SHEAHAN: The report certainly is important, but what we've heard this morning was the report has also generated the investment of literally hundreds of millions and billions of dollars of new money in diverse businesses in Illinois since its inception, so you really have a lot to be proud of and we want to commend you for your leadership.
REPRESENTATIVE EVANS: Thank you. I can say my entire General Assembly, past members who voted on the legislation like this, they all deserve the credit. I'm just one person, but you all made it happen. We voted on something and it's a pleasure to come to the Commission and to go out and see that you passed something with legislative intent and we are being excited, so thank you so much.

And all of you sitting in the back of the room, I think that your utility companies have gone above and beyond in the space, because these are the real dollars that are the actual spend and contract, not just the jobs but the true diversity. Thank you all and let's keep it moving forward.

CHAIRMAN SHEAHAN: Thank you.

COMMISSIONER MAYE EDWARDS: Thank you.

CHAIRMAN SHEAHAN: Commissioner Oliva is going to introduce our next speaker.

ACTING COMMISSIONER OLIVA: Thank you, Chairman Sheahan. It's my pleasure to introduce Danisha Hall of the Illinois Commerce Commission, Bureau Chief for External Affairs, and Dr. Fred Coleman, III,
President and CEO of Coleman and Associates.

Danisha oversees and coordinates the function and activity of the agency's Public Affairs, Governmental Affairs, and Consumer Services and Diversity and Community Affairs Division.

She will provide an overview of the Commission's perspective of the 2016 Section 5-117 report.

Dr. Fred Coleman, III, a mutual third-party expert, who Danisha will introduce further, will discuss best practices and recommendations for the Commission's continued role in supporting and encouraging increased supplier diversity in Illinois utilities.

Danisha and Dr. Coleman.

PRESENTATION

BY

MS. HALL:

Thank you, Commissioner Oliva, and thank you, Chairman and Commissioners, for your steadfast leadership on this very important issue.

I also would like to thank our
Director of Diversity and Community Affairs, Taffy Brokemond; Vanessa Gracia from our Public Affairs team, and the entire Bureau of External Affairs for all of the work they have done to make today's policy session a possibility. In a moment, I will have the pleasure to further introduce Dr. Coleman.

Before I do, I would like to briefly share some thoughts on the ICC Staff's perspective of the utility's 2016 Section 5-117 Reports, and just a few words about the work that has been done, both by the utilities, the Commission, advocates, and diverse business owners, and we commend you over the last few years.

Since its inception in July of 2015, the ICC's Office of Diversity and Community Affairs has worked to establish a solid knowledge base and understanding of our utilities' supplier diversity programs and efforts.

Through attending meetings, programs, and events, we have established a lot of one-on-one discussion. I think we really have established a relationship that makes candid discussions possible,
solving problems possible, and really just helping stakeholders as possible. That progress really wouldn't be possible without a collaborative relationship and a lot of hard work that we first had.

In 2016, Illinois utilities experienced exponential growth in their diversity spend, as Chairman Sheahan and others have echoed. The Commission today is a place that supports diversity where moving forward is the only option.

We, Taffy and I, under the leadership of the Commission, have shared the message that progress is really the only option, that we have been told to make it happen, and we are aggressive about this right now. We really want to see progress.

The Commission supports diversity in a way that I think is really first class in the nation and we are proud of that so we have to stand on that and continue those efforts forward. So we are happy with the progress, but I think I can probably say we all want to see more.
And if Commissioner de Valle were here, I'm going to share some of his words because he's I think the best when it comes to saying this and having that balanced approach.

He would say that, you know, our job is to constantly look at where we can do better. We are looking in the right direction. We are together on this long road to work on this difficult issue and collaboratively to make headway.

He would also remind us that this is hard work and tell us to focus on best practices to move forward.

To that end, it is my sincere pleasure to introduce Dr. Fred Coleman, III. In realizing this is truly hard work, we realized we needed an expert to help us analyze and review the reports, as well as identify strategies and suggested best practices for moving forward.

As a neutral, third-party expert, Dr. Coleman has reviewed these 2016 reports and made observations and recommendations that I think will help us all think about solutions.
It's all about sharing the best of the reports, while acknowledging the vulnerabilities, and Dr. Coleman, in his expert, technical, and patient capacity, has taken time to understand these reports and share some thoughts.

I'll pass the mic to him so he can do just that and also share some interesting ideas about the mechanics the Commission can use in the future. Thank you.

PRESENTATION

BY

DR. COLEMAN:

Thank you, Danisha.

Let me express my appreciation for this opportunity to speak before the Illinois Commerce Commission, and the Commissioners, as well as the staff, as well as all the stakeholders who are here.

Before I begin my remarks, I would like to just compliment the hard work and sincere efforts that the five regulated utilities have put forth into producing the results that they have
produced. They have produced very meaningful results, and I would also like to express appreciation to the entire diversity staff that have worked in the background in many cases, and other cases have been up front, to help facilitate and drive the mission and policies that these regulated utilities have undertaken to achieve the results that they have.

This presentation I'm going to give to you is going to initially simply talk a little bit about some of the assessments that I have made, some of the observations that I have made in all five of the reports, and then I'm going to share with you a potential methodology to improve upon how some of that information in an assessment can be conducted in the future.

(slide presentation.)

So starting with the first slide, obviously, we are here for this reason. I have about 16 or 17 slides to go through, so I'm not going to belabor this slide.

Next slide, please. So that is Danisha's share. I'm here to provide an independent
evaluation and feedback and just a little bit of in
terms of my background so that I guess in one form
or another my role as a subject matter expert can be
validated.

Next slide, please. So the
methodology is pretty straightforward. The intent
is to review these reports, and the reports are
based on the Commission's request in Section 5-117
of the requirements.

The Commission requests have been
expressed to the utilities in various memoranda
asking them to provide in some cases additional
information or new information to supplement 5-117,
obviously, to analyze each utility's support for
compliance with respect to the Commission's requests
in Section 5-117 and to discuss notable achievements
from various improvements, and that's where we'll
begin.

We know that we talked about these
five regulated utilities and so we can jump right
into what the assessment is, and let me just start
by saying, first of all, this is an overall
assessment. It's not an assessment that is pointing fingers at any one utility or another.

This assessment is geared to say overall from a subject matter expert's point of view when I look at these five reports and I look at some of the things that they've achieved, as well as some areas that need improvement, I'm talking about various aspects of each of the individual facilities without specifying that utility.

So let's take -- well, let me start with the format. The format is, as you can see on the left, notable achievements, needs improvement in the right column, and the bullets will correlate with each achievement that is stated there.

So if there's an achievement stated, then that needs improvement I will also correlate to that particular achievement.

So the dashboard. A couple of the reports had very good dashboards, and I think going forward that this dashboard that gives you a quick one-page snapshot of the achievements, their spend, notable improvements that they have made, is a very
good tool to have for each of the reports, and I will just note that two of the five utilizes dashboards, so the dashboard I think is a good thing going forward.

The action plan that many of the utilities suggested for 2017 and going beyond was framed within short-term, mid-term, and long-term goals, and I think that's an excellent way to think about what they want to achieve and where they're planning to go to show that there's a long term, but, yet, immediate strategy to achieve results.

And I will note that two of the five implemented this approach, and, therefore, you know, that's something that I think the other firms -- the other utilities could adopt.

The significant year-over-year actual spend, and this is real -- each of the utilities have very significant year-over-year actual spend and four of the five utilities, however, in terms of increasing their actual spend, it was achieved through the WBE certification category as opposed to the MBE or BBE certification category.
That's a problem and that's an issue that I think needs to be addressed, and I will have some suggestions about that going forward.

Clearly utilities have been getting the message. There's an increase focus on professional services, and I spoke to that in their reports; however, three of the five did not identify either a specific plan to increase their spend and they also neglected certain areas, such as marketing and bond counsel when they talked about where they were going to focus their energy with respect to professional services spend.

Next slide, please. In terms of notable achievements, high level of spend what's going on with diverse vendors, typically at the beginning of many of the reports, and that was a requirement from 5-117 to specifically spell out how much money and what percentage of that was with Illinois diverse vendors and, by in large, all of the utilities did that extremely well, and only one utility did not meet the relative average of 84 percent spend of Illinois' diverse vendors.
Tier two spend increase significant and trending upward. I think this is something again that the Commissioners asked for and what it was specific reporting on.

Four of the five utilities experience tier two spend increases, but, again, this was sort of masked within the spend increase with WBE certified firms as opposed to with minority business enterprises.

Tier one non-diverse prime, tier two diversity utilization plan, again, the utilities got this message that, hey, you need to start thinking about, and putting on paper, and actualizing a tier one non-diverse prime tier, tier two diverse utilization plan; in other words, what's your plan to have diverse vendors as part of your overall large contract prime vendor for that utility, and it needs improvement speaks to only one utility fully stated very specific goals in terms of what level of spend they expected with their tier one non-diverse prime vendors, and other utilities strongly encourage a tier two diversity utilization
plan or lack, what I would call, teeth in terms of having a process to either reduce spend with that tier one non-diverse prime or to remove the contract from that tier one non-diverse prime.

Next slide please. One of the things that the Commission asked for was spend reporting on large capital projects that support the EIMA mandate and in terms of needs improvement through the five facilities had very significant capital projects to report on and did report their diverse spend on those large capital projects, and only two smaller utilities did not have that actual opportunity to do that.

In terms of outreach and special initiatives to expand capacity, and by expanding capacity, what I'm referring to is utilizing the kinds of activities and initiatives that will have a significant and meaningful impact on growing diverse businesses.

So the needs improvement portion to that is to define and state outcomes from special initiatives that the utilities did identify that
they were going to be undertaking in 2017 and beyond, but to really be clear about what is their mentoring program, what is that really going to consist of, there are many effective examples of mentoring programs that make a significant difference to diverse businesses and what are going to be the focus business development activities.

What I mean by focus is are you just going to have meets and greets or are you actually going to have real partnering, sit-down-get-to-know you introduction sessions with data sheets on the firm and how they can assist you in what opportunities as a prime are you bringing to those kinds of sessions so that you can actually be working to find the right kind of people to help you achieve the utilities' goals.

So to the recommendations from the observations that I have made, the assessments through the normal achievements and needs improvement, the first bullet is suggesting that that there be a uniform and consistent set of definitions for each certifying category, and
some of the utility reports I found that to be an issue, that there was not a clear, definitive, uniform set of definitions for a certain case and category, and I think with the IUBDC and their work they can easily come to some assistance on that.

We talked about the dashboard earlier, and I won't go over that, continue to track spend data over time and show trends.

Some of the reports were really excellent in terms of showing trend data, and that needs to continue because at the beginning of this program, if you will, and we're roughly three years in, so you have roughly three years of history to show, and but I think as you go out into the five-year point, the seven-year point, and some of the utilities talked about a 10-year plan.

So clearly continuing to track that spending over time and show those trends are going to be very important best practice to go forward with.

The next bullet is in regard to providing information on how most products and
services are procured, and I put in parenthesis competitive.

As a utility, they will often have various different means of procuring goods and services. They may -- and many of those spoke to this. They have competitive bidding but they may also do source source. They may also do best value procurement, so that provides a different kind of opportunity to bring that diverse firm into the mix of procurement without, you know, getting into any bias or anything of that nature.

So -- but importantly in terms of the report stating that they're reporting how they are procuring their goods and services so that it becomes clear if I'm a minority or female business enterprise that I understand that for certain kinds of services I'm willing to walk into a competitive bidding environment as opposed to best value environment.

The next bullet is speaking to total eligible spend dollars and outset of spend discussion reporting.
COMMISSIONER ROSALES: Can you explain that again because as a businessman I want to make sure that we are looking at that, so the best value versus competitive bidding.

DR. COLEMAN: Would you like me to elaborate, sir?

COMMISSIONER ROSALES: I would, because, you know, again, as a former businessman, we have to be clear. The lowest price is not always the best value.

DR. COLEMAN: That's exactly the point what I mean by best value.

In some cases through competitive bidding there is a pre-qualifications process to insure that there -- that the playing field is sort of moralized, that everybody is qualified to do this work, and so in the competitive bidding environment, which is a pre-qualification process in place, then competitive bidding is fairly equal in a lot of ways, okay, but it's totally dependent on best price.

For best value within fields like real
estate development or sometimes engineering, large
capital engineering projects, best value looks at
the process as saying I'm going to permit x-number
of firms to compete for this work and the criteria
that I'm going to utilize will consider price but
not have price as the predominant factor, so price
is a weighted factor among all other three, four,
five or six criteria, because that owner may feel
that schedule is more important, or that quality is
more important, or that the ability to perform value
engineering, if they get into a sticky problem, is
more important. So they'll look for firms that is
strong on quality, is strong on cost, and maybe fair
on schedule but has great value engineering
capabilities, because they know the project is going
to be sticky, so, therefore, they will make a
selection on those criteria to provide the best
value to that agency or that company.

In terms of -- I was talking about
identifying totally all the spend dollars and offset
and spend discussion reporting.

Several of the utilities clearly
indicate that, hey, our total eligible spend was a billion dollar or $900 million. In some cases that was not stated forthrightly.

So, again, you can't put the numbers into perspective and context, if, in fact, you do not tell us what your total eligible spend is so that we know that your spend dollars and percentage that that represents is meaningful, establish specific -- I'm sorry -- address forthrightly diverse groups, underutilization of various categories, and overutilization in other categories, and what are contributing factors.

When you dig into the data, and the tables, and the appendix that the Commissioners requested, and sometimes within the tables of that specific group within the report as well, you could clearly pull out or tease out the fact that spend categories were increasing, but, as I mentioned earlier, either increasing with WBEs or increasing with SBEs but not with minority diverse firms, and so in some cases there were even negative trends reported that was teased out in the data.
So what I'm suggesting here is that their data is clearly telling me that if I can walk in and see that, then they need to be forthright and upright in saying we had this reversal or we had this increase in spend with these other categories and groups and this is why, or this is where this is coming from, or this is the products and services that this is being driven from. In some cases I can link all of that together and other cases I could not link all of that together.

Set specific tier two spend goals along with the supporting activities, such as match-making and mentoring, and here is sort of reiterating what I mentioned earlier about the tier one, tier two relationship.

It is really speaking to -- first of all, be clear with your tier one non-diverse vendors what your expectations are in terms of their spend utilization, what goals are you setting for them, and express those goals in such a way that you don't end up with overutilization of one category of diverse versus another.
And the last bullet point I will mention here, and this is in one of the diversity reports, and that is to perform audits on tier two utilization, certification, and spend.

Why is that important? That's important, because if you just let your tier two program run, you will have some level of mismatch or fraud in that program, and, so you have to perform periodic audits to keep everybody on their toes, keep everybody aware that this is not a program where you can just walk in and slide in and get utilized and not expect to be having an issue crop up later.

In summary --

COMMISSIONER ROSALES: And who would own that?

DR. COLEMAN: I'm sorry?

COMMISSIONER ROSALES: Who would own that?

DR. COLEMAN: Who would own that issue?

COMMISSIONER ROSALES: In terms of those audits.

DR. COLEMAN: To do those audits, yes. The primes who work for the utility companies have a responsibility to do those audits, as well as the
utility companies themselves, have some level of responsibility to do those audits.

So it has to be clear where most of that responsibility lies, and the initial responsibility is with that tier one non-diverse prime. That's where that initial responsibility lies and where they must be held accountable to make sure that they are doing what they're suppose to do, but, ultimately, it comes back to the utility to make sure that what is being reported to them is not some bogus number.

In terms of summary, significant progress has been made by all the utilities since 2014 and 2015 in their diversity utilization and spend inclusion, and significant progress means that there's been significant real year-over-year actual spend dollars achieved.

Okay. So where do we go from here? What does the future look like? We have these Section 5-117 reports. They're a combination of both qualitative data and quantitative data.

Sure someone can sit here and give you
the significant achievements, the notable
achievements, and the improvements, but does that
really tell you where the vendors are at, where the
utilities are at, and so thinking through this, I'm
proposing a methodology to sort of translate this
qualitative expectations, some of these expectations
are qualitative, and the quantitative performance
data until a rating and ranking methodology, and
that's what I'm going to be talking about in the
next set of slides.

And the goal is simply a visual
scorecard and a minimum performance tool for
compliance with your request, Commissioners, and the
Section 5-117.

Next slide, please. So the criteria
if I look at Section 5-117 and I look at your
request, this follows directly from Section 5-117's
annual request. They were the same requests in
large capital programs, diversity utilization
requests, and tier one prime supplier requirements
to use diverse tier two as a request. The top three
bullets are all embedded within Section 5-117.
So it's not unreasonable to suggest that this is the criteria that we really ought to be looking at rating and ranking some of these utility firms with.

Next slide, please. So just quickly, the methodology -- you know, when you go through these reports, you, obviously, want to have good organization. You want the writing to be clear. You want the data to be accurate. You want to see creativity and you need initiatives that IUBDC among specific utilities come up with.

You clearly want to see demonstrated improvement, which they have been telling us in terms of year-over-year spend which is great, and you want to see them utilize best practices.

So if you could think about this as a table with rows being the criteria on the previous slide and these items here are ratings across the top, you can see where it can begin to fill in some blanks with numbers that I suggested below for the rating scale.

So you could look at clarity and
probably see the methodology and say, well, how did Utility Vendor A do on that and give them a rating.

Next slide, please. So the implementation of that kind of methodology requires some serious work. It requires some serious work between the ICC, and IUBDC, and related utilities.

So I think that, as I've worked through this, just sampling how would this work, I've identified that the Commission needs to clarify some of 5-117 expectations and requests.

For example, if the Appendix A is there, but it's very disorganized, or if Appendix A is not there, what does that mean on that rating scale?

So if it's there, it's not well organized. Is that a three or a four? If it's not there, well, then probably that means it's a one, but in all of our cases we've seen that Appendix A is there, so we are really talking about applying some form of evaluation for that Appendix A based on was it clear, was it best practice, et cetera, et cetera, and so -- but the ICC and IUBDC needs to
come together on that and say this is what we mean
and this is what a five looks like, this is what a
four looks like, this is what a three looks like.

Application of tighter reporting

formats -- sorry.

(A brief interruption.)

Application of tighter reporting

formatting requirements for best practice and
recommendations. That's just really saying that the
outline of what follows what could be a little bit
more consistent. It's pretty decent, but it could
be consistent.

The Commission and IUBDC consensus
on conversion on 5-117 and requests into criteria,
IUBDC may not agree with those criteria that I
mentioned that's part of Section 5-117 as a request.
They may say what about this level of effort and
this is energy that we put into something. Why
shouldn't we be rated on that as well, and that may
be fair, but that has to come through meaningful
discussion with the Commission and some consensus on
that.
Obviously, there has to be consensus on the scoring and evaluation content, meaning, again, what constitutes a five? What constitutes a four? What constitutes a three?

Next slide. So just to play with some numbers and give an example of what this might look like, on the bottom on the x-access, what I have done is put in the criteria, the 5-117 criteria and the expectations, and I've applied some numbers to the items like clarity and other items that I have mentioned like that to show you, well, if you apply something like that, this is what this would look like. So for each utility, they would get sort of a scorecard sort of looks like this, if you will.

Next slide, please. And then last, but not least, all of the scorecards could be combined together and you have a quick snapshot of how all five utilities have performed relative to the ICC request and 5-117 requirements.

And in terms of a minimum value there, the expectation may be that there's a line that goes across maybe a 25 and we all want our five utilities
to be at roughly an average of 25 or it may be some other number, I don't know, but clearly it gives you that ability to take a look at how all the utilities are doing in a very quick snapshot to say, hey, everybody's doing pretty good. We can feel pretty good about ourselves and they can feel pretty good about ourselves, but in some years there may be special circumstances where a utility may not be able to score in a very high level for whatever reason.

They mention valid reasons such as sometimes diverse businesses get bought out and now that spend doesn't go forward as diverse. Okay. Well, that changes the whole picture if it's a very significant diverse vendor for them, so those things have to be understood, but with the reports the ability exist to indicate those kinds of unique changes and circumstances.

Next slide, please. Okay. I am open and ready for questions.

ACTING COMMISSIONER OLIVA: Thank you, Danisha and Dr. Coleman.
Commissioners, any questions?

COMMISSIONER ROSALES: Sure.

(laughter.)

Well, in my opening remark this is exactly what I asked for in terms of having uniform, and this is actually farther than I expected and appreciate your work, Doctor.

A couple of questions that I had that concerned me was I'm not asking for a demand on an action plan. You could fluff up your action plan as much as you want. The numbers is what I'm interested in. I understand there's some type of plan, but in the end it's the numbers that always speak with the results.

The second part on the rating scale, and you mentioned about if a diverse business was bought out, I'm a little queasy on the rating scale. again, as a former businessman, if there's a contract for $20 million and you decide to break it up and help out these small businesses and make it $5 million each, one of them doesn't come through, your numbers are now down 25 percent, and so now
you're rated poorly when you are actually trying to
do something good in the community. That concerns
me when you get a rating and you are actually trying
to do well. I would like -- we need this
uniformity. We can't go through this again.

So my question is how do we go about
having this done? He'll be bringing to you and
spend all the time we did in terms of putting this
together. How do we go about doing that? Is it
IUBDC responsible to take ownership of this? I
don't know. I don't know if that's fair. I'm
looking to you now is the question.

COMMISSIONER MAYE EDWARDS: Actually my question
is in the spirit of putting the title on, so I would
ask can you answer both together. Thank you.

Fantastic report. I appreciate it, Doctor. I
appreciate your hard work.

Another point is that we do have the
legislation. We have 5-117, which is significant;
however, our hands are tied quite a bit because at
the Commission there aren't necessarily no mandates,
so we have requested numerous times in the past for
uniformity, particularly as it relates to the
definitions which you have stated on your first
presented slides.

So, in addition to what Commissioner
Rosales is asking, I'm wondering how can we really
know about stressing and encouraging because we
cannot demand uniformity when we get pushed back
from the utilities? What's your method of going
about that?

DR. COLEMAN: Well, the utilities have pride.
They clearly understand. They don't want to look
bad in front of the public. They have numerous
stakeholders and customers where they should not
want to be embarrassed by the fact that, let's say,
definitions are not consistent with standard best
industry practice. Okay.

So if you use a rating scale like
that, you know maybe they don't get -- and,
obviously, they wouldn't get maybe a 30 for whatever
that category that that falls in, but they start to
lose points and then part of the explanation has to
be why you are losing it, and so I think it's
clearly something that is achievable. It's something that has to be discussed in partnership with IUBDC to help them understand what the problems are with those kinds of issues so that they come to a better point in terms of how they recognize it, and how they deal with it, and how they respond to it. It shouldn't be -- some of these things are not issues that are now I would consider valid to push back.

In terms of your question, Commissioner Rosales, the issue of how a firm -- how utilities may look if a diverse vendor is bought out and that spend is lost, clearly, yes, that can have an impact in terms of their numbers. That's just one small aspect of what they're being measured on.

There has to be an understanding of reality with respect to the way in which the business world works in that those things are going to happen and that the utilities have the ability to express that, to state that, to write that, and say this is what happens and reasonable people will come to a reasonable understanding of what that means and
what it meant in terms of their numbers.

The importance of the trend data is --
you continue to see that happen and there may again
be valid reasons for that, but clearly you don't
want that to be an ongoing rationale for why
spending numbers are low or considerably lower than
it appears.

COMMISSIONER MAYE EDWARDS: I have another
question, Doctor. What is your opinion on small
businesses and whether or not that spreadsheet
should be incorporated into the broader diversity
spend?

DR. COLEMAN: My opinion is that it should not,
and one of the utility's reports I was very
surprised to see firms that I know from my other
roles with the Department of Transportation and the
State Toll Highway Authority, firms and small
businesses that, yes, they may meet the SBA small
business size, but the firm's been in existence for
40 years and they know what they've been doing and
they're owned by a majority male and would not
utilize minority partners. Okay.
So I would have, you know, serious heartburn with continuing to utilize SBEs, if you will, as part of the diversity count.

Now all the utilities broke out their data and considered diverse vendors to be MBEs, WBEs and BBEs, so they didn't blend the SBEs into that diverse category, but in many cases when they reported spend and the growth and spend, then the SBEs were rolled in there as their total diversity spend, and as that's a problem, because it begins to look like everybody is moving forward and that upward tangential line when, in fact, when you slice and dice the data, everybody is not moving forward in that tangential line.

COMMISSIONER MAYE EDWARDS: I think that's my point. The point is when we're dissecting the reports and seeing the broader numbers up front, we're kind of flabbergasted. Oh, my God. We are really moving forward, then you take out your calculator and you really start doing the math, not so much because 50 percent of this is an SBE, and I think that's problematic in the sense I did
appreciate they were separate. That was definitely progressive, and I look to highlight that, but for the broad number they just seemed overinflated that there were small businesses included.

DR. COLEMAN: I would agree with that.

ACTING COMMISSIONER OLIVA: Any other questions?

(No response.)

Thank you, again, Dr. Coleman.

DR. COLEMAN: Thank you.

CHAIRMAN SHEAHAN: At this point we are going to hear from the leaders of Ameren, Commonwealth Edison, Illinois American Water, Nicor, and Peoples.

First up is Richard Mark, President and CEO of Ameren Illinois.

MR. MARK: Good afternoon.

COMMISSIONER MAYE EDWARDS: Good afternoon.

PRESENTATION BY

MR. MARK:

Good afternoon. Thank you,

Mr. Chairman and Commissioners, for the opportunity to be here today. I did not bring a powerpoint
presentation. You have our reports. I thought what I would do is try to engage by identifying about a diversity inclusion program for suppliers at Ameren Illinois and just highlight.

I thought today I would highlight some of the successes we had in 2016, some of the challenges that we saw, and also some of the opportunities that we see as we move our diversity supplier program forward.

So, you know, I would say that, you know, we're proud of the successes that we have had, but we're not satisfied. We know that there's a lot more to do and what we hope to do is build on the programs that we have to make them better and expand them for the future.

So I just wanted to point that out and then I'll start -- you know, some of the successes that we saw in 2016 just to identify a few of them, highlights from our report, our total diverse spend in 2016 was $149 million, which was about 15.3 percent.

You know, we were very, very happy
with that. That was better than the year before and percentage of total spend, but we think there's other opportunities there. We know there's other opportunities, and so we're working continuously to try to increase our supplier diversity.

In 2016 we also established a diverse spend steering committee that we think will help increase our diversity spend, and that committee is made up of our senior directors and directors from each of our six divisions in the state.

Ameren Illinois the way we're organized we cover 44,000 square miles in the State of Illinois, so we're organized in six divisions. Each division has a director that is responsible for the operations in that division, and those three divisions and their division, and then we have a senior director. We have a non-senior director that's responsible for the northern three divisions and a southern senior director that's responsible for the three southern divisions.

So we have a steering committee and individuals from each of those divisions are made
up. The whole purpose of that is to really drive
down the trends that the visibility and the
accountability for diverse spend to the local level.
That's where a lot of spend takes place, and that's
kind of hard to manage spend in Galesburg say and
Collinsville. It is hard to look at Ameren Illinois
from Springfield.

So we trying to drive down the
accountability for our overall diverse spend in the
divisions where that spend takes place.

So each of the divisions -- so I have
a handout that talks a little bit about our diverse
steering committee, but each of those
representatives look at all of these major contracts
before they're awarded, and, in fact, they're being
the origin of where those costs for those programs
are coming from, they know about what projects are
taking place and they're going to have to put out
for bid next year before they even bid, and so we
will start with that and kind of help our supplier
diversity team start looking for suppliers in the
area that we may not have -- maybe we have a new
For example, next year we have several building projects that are going to take place. We haven't had that kind of building project in the past, so we're having advanced knowledge of that through the steering committee. The steering committee could then work with our strategic source folks to try to bring along and get qualifying vendors and minority contractors can work in that area.

The other thing we have one of our successes last year is a company called Kadilex and it started with us. They're a small minority-owed firm started with us in 2012 as a start-up company, had about a $40,000 contract.

Last year they celebrated and seeking the $3 million mark, and the owner of that company, a gentleman by the name of Carl Jefferson, was awarded a scholarship by Ameren to attend the Business Entrepreneurial Program that takes place at Dartmouth College in Hanover, New Hampshire. He's the participant of our Diversity Enterprises Program.
and he attended that program.

Some of the challenges that we face -- Let's talk a little bit about Dr. Coleman's report, but one of the challenges we saw last year was having one of our larger diversity-owned companies being acquired by a non-diverse company, and when that happens unexpectedly, it's a challenge and we know of another situation that may occur this year.

So what we're trying to do is look at how do we develop a pipeline of a number of diverse companies that are able to really fill some of the voids that we may have sometime that happens, but it is something that does happen.

For us, this is the first time that we have had a company of this size actually get acquired, so, you know, it's something we try to work through.

Another challenge that we see in the future is really cyber security. Our legal team is reviewing all of our contracts for all suppliers across the board and putting requirements in there
to meet certain criteria and have certain
requirements to protect us against cyber attacks and
to make sure that our company is also protected
against cyber attacks, and reviewing what type of
issues and other types of programs they have in
place.

    We think that's going to be a

challenge for not -- we find that the challenges are
for some of our largest contractors, not even
talking about some of the diverse contractors.

    So what we are going to do is put
together a team of legal counsel or in-house legal,
that is going to be working and providing some
counseling and mentoring with our companies about
how to work through these issues and trying to
adjust some of those requirements to make some
exceptions for some of the smaller firms so they can
participate.

    The other thing we are going to do for
all of our vendors across the board is our legal
department is going to be working on educating and
providing some educational sessions for all our
contractors, including our diverse companies, about cyber security because not only will we protect their assets but also to protect the information that often we were sharing with them, and so that's a definite challenge for the future, and we're currently trying to address and be proactive.

Some of the opportunities that we see as we move forward, one of the things is trying to look at how to unbundle some of those large tier one contracts to make them smaller so that they're more available and it's more feasible for a start-up or a small company to apply for those contracts.

One of the things that we are trying to do -- we know that, as mentioned earlier, we have several construction project proposals on the front table for next year. We're going for RFPs on some of those. We're seeing that -- just by requiring them to come through with a certain percentage of minority participation, we're seeing some very good response from them and we're sort of very confident that if we continue to pressure our tier one contractors that they'll probably bring more to tier
two suppliers for us.

The other thing is we believe that with the future Energy Jobs Act we have a significant increase in our energy efficiency spend going forward. There's an opportunity there that we feel that we can bring some minority companies in.

We are currently talking to those companies. We are coming in providing services and providing some management for our energy efficiency spend going forward.

We also are planning -- we have a pilot program that we started. We see opportunity moving forward. We are working with a local community college in Southern Illinois to provide scholarships into their HVAC and construction management programs.

We're really looking at getting some of these energy efficiency jobs that would be created in the new programs and services that we're about to offer, so we're offering scholarships for those programs.
As we work out some of the details with this community college, our plan is to basically when it starts to work successfully then duplicate that throughout our service territory for new jobs and new employment opportunities we see for diverse candidates throughout our service territory.

In conclusion, I would just say that Ameren Illinois, you know, we're committed to diversity and inclusion. Ameren Corporation is our parent company and is committed to diversity inclusion.

We started our first formal diversity program in 2007 in Ameren Corporation. All of the business segments, whether it's in Illinois or Missouri, has certain key objectives that are required to meet on an annual basis and reviewed by our CEO and reviewed by our Board of Directors, so we are committed and we look forward -- and, first of all, I will say we appreciate the partnership that we have with you and ICC and I'd like to thank Danisha and Taffy for their help on coordination and communications with us.
So we look forward to that partnership and working with you and building momentum that we have and building that momentum for the future.

I will be more than happy to take any questions that you might have.

COMMISSIONER MAYE EDWARDS: I just have one question. Although I know you talked about trying to encourage tier one and expect that could be more diverse, but do you have any process -- informal process to insure that tier ones are actually utilizing tier twos -- I'm sorry -- in non-diverse tier one you are utilizing tier twos? What is that, and, if not, how are you going to go about making sure that there's communication that you expect?

MR. MARK: Well, we start off with coaching. We have expressed our concern and our expectations it brings diversity to suppliers. We have talked to them each individually and the business supplier steering committee they actually work with each of those contractors as they come in to talk to them about their tier two spend. We monitor it and, you know, if they don't meet that spend, we go through a
counseling and coaching session and ultimately
they're told and if they cannot or will not, you
know, abide by it, we'll have to find another tier
one theme.

Quite frankly, I would just add that
it's only come up one time in my experience until
recently and it was a non-diverse company, and it
didn't have to do with hiring diversity, but it's an
out-of-state company that would not hire Illinois
residents and they were told they would either hire
an Illinois resident or go back to the state that
they came from, and they decided to hire, and we did
cut the contract, but they did change their hiring
habits. So it happens in more than just a diversity
area.

COMMISSIONER MAYE EDWARDS: Thank you. That
leads to another question, because you are a local
company, because you are a holding company, as in
Missouri, did you ever struggle with the fact you
are using more Missouri-based vendors versus
Illinois-based vendors or you do not challenge?

MR. MARK: You know, it's really not a struggle.
I mean, we have some shared services and some blend-overs. Actually from my office I can see the Arch, so, you know, sometimes there's companies they're both on each side that blend over into the St. Louis area with southwestern Illinois. But, no, we -- you know, we do not get into push back from the parent company about utilizing certain vendors. We understand -- I think we all understand and we respect the fact that utilities, especially regulated utilities, operate in states and we even supported the states that we operate in, and Missouri has a similar role. They have some Illinois vendors that work there, but they also believe in supporting the Missouri vendors, so we have a good understanding of that, and it's never been challenged.

COMMISSIONER MAYE EDWARDS: I recently had a conversation with Commissioner Coleman that they were a part of (sic) and I told her I beg to differ. MR. MARK: I know Commissioner Coleman very well. COMMISSIONER MAYE EDWARDS: Thank you very much.
If there are no more questions -- yes.

COMMISSIONER ROSALES: That was the only -- that was one example that you had. So that was the only one in terms of repercussions on tier one when they had that problem with the tier two?

MR. MARK: That's the one that we had. Yes, that's the one that pushed back and basically did not want to do anything with tier two.

COMMISSIONER ROSALES: So you talked about coaching, whatever. Has there been other tier ones that agreed to that type of intervention?

MR. MARK: Well, I think -- I would think that, you know, we started really to push on the tier two last year. We have not seen, you know, any of that, that they have refused to do it.

We found some that expressed concern about finding tier twos, and I think what we're trying to do is talk to them to think about maybe you don't bring in tier twos to do the exact same service that you are doing but maybe some services that can support what you are doing.

For example, we will give vegetation
management, so they were thinking that they should bring a tier two in for some vegetation management services similar to what they're already doing. They didn't think about what some opportunities may be to bring in some tier two vendors to provide services to them to help them better provide the services to us.

So by talking through that, initially we had a push back when we started talking to them about here's how you could do it, let them meet with some of our supplier diversity experts. We have not got any push back.

I think -- you know, I had a similar program like this in 2007 in Missouri. I think they understand that some of these vendors have a long history of doing business with Ameren Illinois and Ameren Missouri. I think they understand that we will remove them from our property if they don't follow certain rules and regulations.

COMMISSIONER ROSALES: Thank you.

COMMISSIONER MAYE EDWARDS: Thank you, Mr. Marks, for your presentation.
I now have the pleasure to introduce Anne Pramaggiore.

PRESENTATION

BY

MS. PRAMAGGIORE:

It takes a team. I need some help today.

(laughter.)

Good afternoon. Thank you for hosting this. Thank you for your attention to this very, very important topic, and I would just share that your focus and attention on this makes my job easier within the company when I travel along our team and what we're trying to do here, so thank you. Thank you for that.

My intent today is to provide an overview of the state of our efforts, and because data is largely accessible to the reports that we submit, I really want to spend more time focusing on what we do in our business to hire diversity firms and facilitate their growth.

Joining me today is Michelle Blaise,
our Senior Vice President of Technical Services, and she's going to go into greater detail about how we're helping diverse businesses join the ranks of ComEd, particularly in the construction area, including through programs like Chicago United Five Forward.

You are also going to hear from Veronica Gomez, our new Senior Vice President of Regulatory and Energy and Policy and General Counsel, and Veronica will share with you the details of a new pilot we are launching along the lines of what we have done with Five Forward where we looked for mentoring in our construction organizations and ask them to take on a newer and diverse construction company. We are going to launch something like that for our law firms.

The program will begin in the regulatory arena, and we've asked our established law firms, our three mentors, a couple of small minority firms, to bring them up to speed on regulatory issues, and Veronica will cover that for you.
And then, finally, you'll hear firsthand from a diverse supplier who has grown its business throughout the last few years through mentoring and commitment, and Michelle and Veronica will describe Ozzie Godinez from Paco Collective who has just done a great job for us, grown their business, been very impactful, and done a great job educating our customers and moving us into the digital age. So he's going to share his insights with you, and Martin is keeping us all together.

(slidé presentation.)

So here's a snapshot of ComEd today, which I will go through fairly quickly. Of the approximately 6400 people we employ, 49 percent are diverse; 60 percent of our executive team are diverse; of our 315 new hires, 70 percent are diverse. Over the last five years, 53 percent of our hires have been diverse.

Expanding the commitment to diversity and inclusion to our suppliers is critical. It is one of the five pillars of our RFP and our foundation. Their capabilities and perspective are
key to meeting our evolving customer expectations, interests, and enhancing their economic impact is one of the most important things that we can do to support our communities.

Increased participation of diversity certified firms has been central to the success of the Smart Grid Program which we have been employing since 2012.

This is a program that the Commission has so strongly supported. It has generated very, very strong results, and I want to give you a quick snapshot of a five-year picture based on that program.

ComEd has achieved a 362 percent increase in diverse spend since we began the Smart Grid Program. This means in 2011 our diverse spend was $177 million; in 2016 it was $777 million, and I would add that in 2016 654 million or 8 percent of that first spend was in Illinois.

In 2011, 18 percent of our supply spend was with diverse supplier, and 2016 it was 33 percent.

We are nearing the completion of the
major portion of our Smart Grid work this year which
provided an outstanding platform for this kind of
growth, and it's not just the numbers that are
important, although they are important, but what
this program has done by the increased stability of
the regulatory platform and the ability to plan
programs out multiple years, it's allowed us to
enter into multiple year contracts with these small
firms.

And I think, as you heard from
Stephanie Hickman today, that ability to point to a
multi-year contract where Soft Bank was critically
important. So this regulatory stability has been
tremendous for us and for these companies.

The other thing it allowed us to do
inside the company is take our management time and
attention away from some of the activity that might
be around a less stable financial platform and turn
our attention to things like this that can grow our
economy, so we are looking forward to the next
phase.

Richard referenced a future Energy
Jobs Act that was passed just this December, and we are looking to really use that as a platform for growth as we go forward, and there's a couple of programs we started to scope out our goals as we go forward.

So voltage optimization is an eight-year program. We will take about half of our fedders and optimize the voltage on it to reduce usage and waste on the system, and there's an awful lot of engineering and construction that will go into that.

We are setting a goal of a hundred percent of our engineering design work being done by MWBE engineering firms at a minimum of 40 percent of the field construction work being completed by MWBE firms.

On the energy efficiency side, this is an area where I think there's tremendous opportunity. We are going to select three to five small diverse firms that we'll mentor and develop as an implementation contractor using the Five Forward platform that we have used before and we're going to
work with Elevate Energy and put in place to develop
a program to train diverse trade allies.

These are the businesses that when
customers, whether they be business customers or
residential customers, actually contract for the
work and then we give them the incentive to do so,
they directly contract with these trades allies, so
a tremendous amount of opportunity there, and we are
putting together a program to look for diverse firms
and train them in this area.

On the Five Forward Program in general
we are going to ramp that up about five firms to ten
firms as we move forward with the featured work.

One last goal we set for ourselves, we
are going to build a new facility in Chicago at
California and Addison. It's an 108-year old
facility. We finally got it, and it's about time.

We are going to commit to a diverse
goal with respect to that -- that facility and
targeting -- you know, try to replicate what we did
with the training center or something in that range.

So the precise goal is not there yet but we look to
do on the training center.

So just to wrap up, how will we continue to create opportunity? First, with our supply and procurement teams, including our diverse business enable team, we are constantly scouring the landscape for new businesses.

In fact, in the last year we've added about 132 new businesses. We totalled somewhere in the range of 550 diverse businesses we work with, so 132 is a pretty significant move in the last year. So we constantly scour the landscape for new spending and look to create opportunities.

Second, we built sustainable infrastructures around programs like Five Forward tier two workshops, the new program that Veronica will mention.

Third, we are very fortunate to have tier one prime contractors who are willing to mentor smaller diverse firms and we're going to leverage more of that as we go forward.

And, finally, creating opportunities for diverse suppliers is embedded in what we do, the
way we run our business, and our executives have
goals that they are expected to reach and their
performance is reviewed according to these goals, so
we have widespread accountability for these kinds of
results.

So thank you again for hosting the
policy session, and I'm going to turn it over to
Michelle.

MS. BLAISE: Thank you, Anne.

PRESENTATION

BY

MS. BLAISE:

Good afternoon. We are grateful for
the opportunity to be here.

As a review, these are the key
highlights related to our supplier diversity in 2016
and a review about where we're going forward.

Now I would like to take a few minutes
to talk about what we're doing beyond the spend to
create opportunities for diverse suppliers and
support the transition into sustainable business
enterprises.
ComEd has worked for decades to mentor and develop MWBE organizations. We are a founding member of Chicago United, which has worked in support of supplier diversity for over 40 years. We are one of the charter members of the Chicago United Five Forward Program.

The program is designed to enlist the commitment of CEOs from mid-size to large-size corporations in the Chicago area to establish and expand business relationships with current and local minority firms.

What's really important about the Five Forward Program is that it helps shift the supplier diversity from a transactional function to more of a relationship, a building relationship, into a growth relationship with the companies that we doing business with.

So it really requires open dialogue, ongoing dialogue, goal setting and building capability of these MWBE firms. Five Forward corporate members, like ComEd, commit to doing business with five local minority firms over five
years, and then these five companies might not sound like a big number to some of you, but I urge you to reconsider.

There are a few other business diversity programs in the United States where participating companies are challenged and consistently to not only meet the goal but exceed it year over year with firms that they have made these commitments to.

The bigger point is it's just not all about the number of MBE firms that you are partnering with, again, it's really -- it's important the ability to build sustainable growth capabilities and build sustainable businesses, but by capacity, I mean, enhancing the ability of the MBE companies to pursue and complete larger and larger programs of work and projects with the sponsoring company and hopefully others as well.

As these companies become sustainable and they grow sustainable businesses, their all diverse employee spaces grow and further enhance the contribution that these companies can make to the
economic vitality of their communities, including volunteerism and sports or political charities.

We have had an opportunity to experience a long and growing list of success stories, and I have only highlighted one that we worked with over the last couple of years, that is the Environmental Design International, or EDI. EDI is an MBE African American women-owned company based in Chicago that provides environmental services for ComEd projects throughout our service territory.

EDI has dedicated teams supporting ComEd in energy and environmental areas and has also provided us with emergency response on environmental issues.

This partnership with EDI is really a model for the Five Forward Program. We started the Five Forward Program in 2015, and through working with them directly and helping them understand our needs and also understanding their capabilities and matching the two where we can, insuring that they were aware of sourcing events that we had where they might be able to partner with prime contractors in
the environmental area as well as assigning them small projects that they can take on to build their capabilities.

Over the last two years working with them through business with ComEd has gone twofold: EDI experiences growth due to the partnership with ComEd. They have had 17 new hires in 2017. They have created new provisions in order to better serve ComEd within their organization.

They have also now expanded their business with opening up a new office in Maryland where they're now expanding their business to other utilities out in the East Coast.

Finally, due to their demonstrated performance, EDI was recently selected as an environmental contractor of choice for ComEd. They are now a prime contractor going forward starting this year.

And then another accomplishment I want to highlight is they were awarded our ComEd's President's Award back in April and it was really in recognition of their extraordinary project
performance related to upgrading, supporting, and upgrading the security project that we had over 20 of our substations.

So ComEd's new development around growing and building capabilities of the companies, we recently became the first committed corporation to fully enroll as a member of Five Forward 2020 Program, a chapter of Chicago United, and the chapter calls on for us to identify and select five prime suppliers that will make a five-year commitment to build partnerships of their own with local MWBEs.

So we are pretty confident that this will open doors to new opportunities for diverse suppliers and the primes, because of an increase in the marketplace, buyers of all kinds, public, private, are looking for diverse solutions, so we will play a key role in driving these relationships in Illinois. We have been at this for decades.

The next thing is we see only growing are networks of partnerships playing a key role in the efforts of diverse suppliers to build capacity.
In closing, I know that we're in a uniquely capable environment here in Illinois to keep making progress in supplier diversity. We have a tremendous network of capable companies and organizations dedicated to achieving economic parity, and we are proud what we've accomplished and we look forward to making continuous progress.

Thank you, and I will turn it over to Veronica.

PRESENTATION

BY

MS. GOMEZ:

Good afternoon, Mr. Chairman, Commissioners, and thank you so much for having us and to all of our participants for being here. I appreciate the opportunity to share with you news of the new pipeline initiative that I will tell you about and I will also take you briefly through some information about our experience so far with respect to legal services.

I know there is an interest in legal professional services, so I'll address the legal
services piece of that for ComEd and for Exelon.

In 2005 the Exelon legal department established the Awareness Action and Assessment Program, a AAA program, that was the cutting edge initiative to reward law firms that embraced diversity inclusion.

The program incentivized the majority-owned firms to hire diverse attorneys, women attorneys of color, now also attorneys with disabilities, and attorneys that identify as LGBT. This allows us to meaningfully employ those attorneys at majority firms.

As part of the program, we track monthly the amount of legal spend with diverse timekeepers at the majority law firms and we break it down by attorney role, so partner, associate. That allows us to insure that the firm's utilization, engagement of diverse attorneys is meaningful, that it will lead to their advancement within their firm within the profession, that it will feed the development of the next generation of diverse attorneys and enable contributions by the
diverse attorneys at the highest level of case strategy, not just in terms of roles.

Our firms track and report annually to our legal department on their overall diversity performance, both for metrics, as well as the organization, on matters relating to ComEd and Exelon, and we recognize top performing firms through an annual diversity honor roll that further incentivize firms to hire diverse attorneys.

Consistently more than 30 percent of preferred majority law firm spend has been with diverse timekeepers.

We are proud of the AAA Program. It's been recognized nationally as the best in class for corporate legal department programs.

We are also committed though to hiring and growing spend certified MWBE law firms. In 2009 Exelon was one of eleven corporations that launched the inclusion initiative which recommended spending at least one million annually with MWBE firms. ComEd is a major contributor to those firms. We utilize seven MWBE law firms and in 2016 net
1.3 million with those firms.

We recognize though that when it comes to ComEd's regulatory legal work, there has been a gap with respect to MWBE firms that practice in the area, so today we are excited to announce our minority regulatory law firm partnership initiative where we will partner with Tristan & Cervantes and Johnson Blumberg & Associates to help establish and grow their regulatory expertise.

Let me tell you a little bit about what that program is going to look like. To insure that ComEd has the best combination of performance, cost, delivery of legal services, we have developed a pretty extensive program, roughly like the construct program for the trades that Michelle talked about, to give the firms intensive education compared with contemporaneous real goal legal practice.

Both MWBE firms will work alongside long-standing established firms, such as Rooney, Rippie & Ratnaswamy, and we want to recognize and applaud those firms that meet the commitment for
partnering with us on this program. Give me one second.

All you folks raise your hands. We have got all three. We have got Johnson & Blumberg here. We have got Tristan & Cervantes here.

(show of hands.)

Thank you very much. Thanks for being here. We are really looking forward to this.

We are excited to integrate the skills that these new MWBE firms will bring to our practice and see the new ideas that will arise from the partnership between MWBE firms that have not enjoyed the practice in the regulatory area and those firms that have more experienced in this area.

So there's really kind of a four-prong effort, maybe one of the biggest one here. So the ComEd legal team has developed a training curriculum focused on key regulatory areas, so ratemaking, rate design, and energy efficiency, et cetera.

Second, the participating firms will be the result of studies consisting of core and fundamental must reads to understand the regulatory
landscape, for example, the Energy Jobs Act, as well as the material that focuses on utility infrastructure, cost of service, and, of course, structure and procedures here at the Commission, which may not be familiar to firms that have not been in practice in that area.

Third, we are pairing the firms, as I said, with experienced counsel on life matters, whether it's actually practice together side by side commensurate with their abilities, which we know will grow quickly and their involvement will continue to grow on the matters when they're partnered with more experienced firms.

The fourth piece is we're assigning an independent mentor to each of the firms and minority lawyers that are being sort of trained here and brought along someone that they could go to in confidence to ask questions, seek guidance, not to the client, not confirming that their partner is already experienced, but somebody where they can really get just the kind of support that they need. We think that that's going to add a lot to the
So our goal is to educate and develop regulatory attorneys of color at MWBE certified law firms who will help create a pipeline for other attorneys of color to join those firms, grow in their capacity to do work, to work for other stakeholders in our industry, and advance their profession in these areas.

Our initial partners are just the beginning of the program that we think has the potential to make a real measurable impact on our profession.

We are pleased to be leaders within Exelon's legal department on this -- on behalf of ComEd, and our legal department will continue to find ways to expand new programs to other specialized practice areas at other Exelon businesses.

So I'm happy to say, as I said, that our partners are all here with us today, and thank you very much for letting me share this with the Commission.
Now I'll turn over to Ozzie.

PRESENTATION

BY

MR. GODINEZ:

So, first of all, thank you for the opportunity to be here. It's actually not often that a marketing advertising guy gets to sit in and be privy to these conversations, so it's really been rewarding to me, and really as a cross-cultural marketing agency, whose sole purpose is to help transcend this sort of minority-seeking regulatory journey into the marketplace, you know, that is central to who we are as an agency. Diversity inclusion is part of our DNA and that's been sort of the theme here. That is really who we are.

Just a little bit about me, I am CEO and owner of PACO Collective, a digital full-service, cross-cultural marketing agency. It's sort of a mouthful. We provide ComEd with advertising services, strategic planning, that sort of thing.

Odds are if you have seen a TV spot or
a billboard, ComEd TV spot, ComEd billboard, and
even a movie trailer, we probably worked with the
ComEd team to produce that.

A lot of the work revolve around
energy efficiency that the U. S. market -- that
rolled out, that sort of thing, so it's interesting
because the conversations here have been sort of
fascinating for me because we started essentially as
a sub on a smaller program doing Hispanic marketing
and outreach.

We started as a Hispanic focus shop.
Our work has since evolved with ComEd. We really do
provide services beyond just educating Hispanic
consumers. We are actually now doing what we would
call full services and have become a tier one
supplier more or less for the last five years, and
so the scope of services have grown, the amount of
exposure that we were able to actually have as a
result of working we have produced for some of our
earlier programs have afforded us the opportunity to
work with a wider variety of members at the ComEd
side.
So for us what’s happened is this sort of nurturing process in terms of taking advantage and fully working with the ComEd team to grow our business, because we were able to take -- we started basically our work with ComEd with 20 folks on my team. We are now almost 50.

We doubled our office space. Our revenue went up significantly 75 percent with ComEd as well, and so what that has done most recently for us, and we are very proud to say this, is we just made -- actually I found out two weeks ago -- we made Crane’s Fast 50 list, and I cannot underscore the importance that ComEd made in that very process for us.

You know, we also as now a tier one supplier it is our duty obviously to insure that we are partnered with diverse partners, and so we work with American Agency (sic), we work with Erie Marketing Services, a women-owned business, and a slew of other minority-owned providers and so it has sort of come full circle for us.

The other thing that’s really
interesting for us is culture and diversity is part of the DNA of who we are. If you go to our website, I'd like to say we are like the United Nations of advertising agencies.

One of the fundamental things that has happened for us is the lens through which our team sees the marketplace. We are going to a minority/majority marketplace very soon and in some areas in Chicago it's already there, and so we are very active in the community.

We are on several boards really focused on education, child advocacy, things of that nature, and really one of the -- I'll just leave it at this. Really the evolution of the marketplace has also been very correlated to our growth -- business growth really with ComEd.

So, you know, this sort of evolution over the last five years has happened pretty quickly, but, you know, for us it's been an awesome experience, and, as an entrepreneur, I kind of don't know a lot, so I think we've worked really well with our ComEd folks to sort of help and push us along
really and help grow our business in a way that's been very tangible and rewarding to the community as a whole.

So thank you very much. I'm happy to answer any questions that you have.

COMMISSIONER MAYE EDWARDS: I have so many questions, but we are really out of time, so I'll just ask two.

So my first question is you talk about your spend. As I was going through the report, I just was wondering, because I noticed it seems that the amount of diverse spend would have more than what's in this report, specifically African American businesses and Hispanic businesses would have the exact same dollar amount. So I was wondering if maybe there was a strategy to get started year to date.

MS. PRAMAGGIORE: That's just what happens here. I think, you know, when I look at our spend it's rated for a day and it's probably 54 percent WBE and 45-ish minority spend, and the minority is largely split between Hispanic and African Americans
a little variation of a spend about 2 percent, and
that's really just the way it evolved.

If you look back from 2014 to 2015, we
had about an 80 percent increase in African American
spend, about 45 percent in Hispanic, and that sort
of plateaued this past year, and I think some of
that has to do with the way our work came through.

We were finishing up -- we peaked on
EIMA. We happen to have a big women's firm doing a
lot of the underground work, and so I think that we
were just trying to get back on. I think there's an
area of attention -- an area for our attention there
going forward, but that just sort of, you know,
happened to come out that way.

COMMISSIONER MAYE EDWARDS: Okay. And $777
million, wow. What's next after EIMA? Because
there's going to be a significant drop.

MS. PRAMAGGIORE: Yes. I think what we have to
do is -- so our spend will come down. It's about --
last year it was about 2.6 billion in capital
expenditures. This year it's going to be about 2.2.
It starts to plateau at about 1.8 and that's what we
see over the next few years in that range, so it's not -- it's a drop. It's not as dramatic as you might think.

So I think the goal is each of the great platforms to get into some areas where you don't see a lot of diverse firms working. Energy efficiency is one of them, and it's a great opportunity to take firms and projects like voltage optimization where it's new and you can actually teach some of these diverse firms, you know, put them on the cutting edge, because they're involved in something that's new, and then you give them a platform for going around the country and saying, hey, on my resume I have one of the biggest multi-optimization programs in the country at ComEd, give them some bragging rights.

So I think what we're focused on is continuing to increase the percentage of the pie. The pie's going to taper off a bit, but increase the pie.

Our goal this year is 36 percent, move from 33 to 36, and make sure we're getting into
areas where there's opportunities where we've seen, you know, a lack of diverse firms and then also to move with some of the more innovative projects to open the door there. I think that in a nutshell is how we're going about it.

COMMISSIONER MAYE EDWARDS: I think that's one of the questions Veronica mentioned and was so fascinating.

Specifically, you talked about the majority law firms and how you almost require or you are looking to see if they're using diverse numbers of the firms as well.

How do you do that? Because having been at two large firms, I remember seeing a room full of projects where there were just Caucasian men or even a couple of women, but they were all Caucasians. Is it billable? Can you identify it? How does that work?

MS. GOMEZ: So it's up front and then it's in the reporting as well. So we are very explicit about our values and our priorities with our firms.

So when we have a new engagement that
we are talking to a number of firms, we decide who we are going to hire, we sit down and we say whose team is it going to be? I want to know all about the team, so it sort of takes on a life once you've got a relationship, but that's how we start, and we are very prolific about how we manage staff, and then as the relationship develops, and they become commonplace, we let people know at Exelon the firm we will be working in. That's just a conversation. We don't need to tell them. We know the questions we are going to ask and what our expectations are, and then we have ongoing reporting.

So, yes, we report by female, lawyers of color, as well as now we are checking people that are identified as disabled, partners and associates and, as I said, you know, it's important to us that we're not just playing the numbers with kind of a revolving door of lawyers that the firms didn't truly represent and a client aren't particularly invested it.

It's important to us to see people put on a team that works for us to continue to progress,
grow, learn, make partner, start their own firm, you
know, all the things that are in our profession are
people's aspirations to define success within the
profession.

So we want to support that very
activity, so we meet with our firms. Annually we
have an official sort of sit-down. We go through
the metrics and we rank them and we tell them how
they're doing compared to the other firms.

We have been fortunate. Our partners,
you know, understand and agree with our priority.
We don't have a lot of hard conversation, but we do
sometime have conversation when we say we think is
an area of where we like to see progress, how can we
help you, how can we help you partnering with, you
know, bringing -- you know, let me go to lunch with
your new young, you know, lawyer of color. Let me
pair them up with somebody in our department that
they can sort of learn from. Let's look at a bona
fide -- let's work on some projects or work on
community projects. It's really investing time in
those relationships is the whole thing. At the end
of the day, we're very active and we're very
deliberate about it.

COMMISSIONER MAYE EDWARDS: That's fabulous.

Everybody of diversity, you know, and everyone's
walking the walk, and that's really a significant
way to appreciate it, particularly in the legal side
of things we don't see that often, and, you know, I
think it's really one of the best things to come out
of this. I'm surprised we don't see policy formed
in best practice sharing.

Would you share what you think -- what
are the incentives for the majority firm in doing
the pipeline program? Have you ever seen push back
or --

MS. GOMEZ: We don't -- well, we have really
willing, committed partners, which we think is
terrific, obviously, some of that, because we now
have a stable of law firm partners that know us as a
company and understand our priorities. We know it's
good for business, the same business they make for
themselves. It's a commitment to value that we
share, and so there's no elections at all, but we
recognize it is a commitment, a real commitment of
time and resources, so we appreciate it. We work
with firms -- and really the kind of comment that
Anne was talking about how important it is the
support we get from the Commission how that helps us
in our own work.

It's sort of similar when a client
like me says to a firm these are my expectations.
It really helps all the people in the firm that
understand and get it to the comptroller today to go
to the firm management, some of whom may not be as
sort of a practice or have as much of their own
professional histories sort of thinking about things
in this way and to say you need to understand how
important this is.

It's a very simple case where we have
a client that says tell us how we see the world and
when you do come along with us and do so, we have
those allies in our program to help promote that.

So, you know, what's in it for the
partners that are helping to bring along different
firms that at the end of the day things are -- all
those things help move us all forward and have the
same value that's important to us.

COMMISSIONER MAYE EDWARDS: Okay. That was five
questions.

MS. GOMEZ: And my goal is not have a legal spend
of $777,000 this year.

COMMISSIONER ROSALES: I have a question for
Ozzie. You didn't know we were going to have
questions.

MR. GODINEZ: No.

COMMISSIONER ROSALES: You say you were a sub.
Who were you a sub for?

MR. GODINEZ: I subbed for Leo Burnett.

COMMISSIONER ROSALES: And where are they now,
your firm?

MR. GODINEZ: They're still part of the agency
that I worked on with.

COMMISSIONER ROSALES: One of the secrets with
tier one they never tell us about, there's always
kind of whispers, especially the marketing.

They get a little intimidating when
you come out with tier twos and they become tier one
and become, as you said, full service, whereas, their job was full service, and some places are much more solid than others, but marketing tends to be a little bit more nervous about that. I appreciate your saying that.

The second question was -- and more of a concern why I questioned it -- I think what you're doing with putting that together is outstanding. That was one of the gaps when I came here was on professional services, so I really appreciate your putting that together and breaking that down.

So now that I see Sam Ramirez in the back, how do we -- how do we do that with capital? What do we do?

MS. PRAMAGGIORE: Again, I think there's a couple of -- I think we are more and more focused on the professional services, and we have heard you. There's been I think some progress I will say on our pension fund. Again, this is at the Exelon level. They get the message through. We've got about $2 billion in assets that are managed. eighteen (sic) percent of that is with the American
Funds.

The Commissioners had questions about portions of the American Funds, so a pretty big, sizable chunk of money, so there is work going on there.

We do a binary credit reporting every year. At the ComEd level, it's about $34 million and what that does is it brings in minority firms. It has them basically ready should we need to draw on that credit facility. They learn to work with us and, again, they get some resume building material and frankly working with a company like ours that has good capital needs and has learned how to work on a credit facility like that, so that's something we have been doing for several years, but I think there's more that can be done.

What we will often do when a firm comes to me is I refer them to a couple of places, one is MyOwnCfojenniferbit and then Jack Thayer, the Exelon CFO, to make sure that they get a hearing and they're constantly looking for opportunities to build that credit facility. That's one way to do
it, also, looking for other opportunities in areas
like managing pension assets or, you know, other
sorts of capital needs.

COMMISSIONER ROSALES: I don't mean to put this
on you. I just add this is a much more larger
gratification, but there needs to be a way, because
that's another gap that we need to address just like
we do with the law firm, so I don't know if there's
a better way of going about it.

We, as a Commission, have talked about
a scorecard in that capital area, but there's a gap
there that needs to be addressed. We are really not
sure, so we are looking to you for help on this.

How do we go about expanding this so
that others are partnered in this?

MS. PRAMAGGIORE: And what I might suggest as a
starting point is we could break down for you all
the different financial requirements that we have,
so we have pension dollars, we have credit
facilities, we have, you know, different --
different sorts of capital needs. We go to the fed
market. We could start by laying out for you what
those different financial needs are and, you know,
sort of take a look at what that is.

I've got a little bit of a breakdown in -- Exelon puts out their annual report. It is just about there. You know, one of them is a Certificate of Deposit in an area we have got about $28 million in that, credit facilities 129 million, and I mentioned $2 billion under management in our pension fund.

So we could certainly start by breaking down those needs and then giving you a sense of what the diversity looks like today and, you know, set some goals going forward.

COMMISSIONER ROSALES: I would appreciate that very much. So --

MS. PRAMAGGIORE: You bet.

COMMISSIONER ROSALES: Thank you all for your -- thank you.

MS. PRAMAGGIORE: Thank you.

COMMISSIONER MAYE EDWARDS: Thank you.

COMMISSIONER ROSALES: Next is we are going to ask Bruce Hauk, President of Illinois American
Water. Bruce, would you come up.

Would everybody get out of the way of Bruce, please. Thank you.

Bruce.

(slide presentation.)

PRESENTATION

BY

MR. HAUk:

Good afternoon --

COMMISSIONER MAYE EDWARDS: Good afternoon.

MR. HAUk: -- Chairman, Members of the Commission, I have got seven slides. I think you all have copies of that so I'll try to make my comments short and succinct.

Carrying on from the most previous conversation regarding professional services, and remind you that the presentation that was given last year from John Rogers from Ariel Capital about professional services focused on that.

On Slide 2 you will see not only did I serve as President of Illinois American Water, I served on a six member investment committee for
American Water's parent company, and most recently in June of 2017 we were able to change from fund manager to a portfolio managing a hundred million dollars of retirement and pension funds, so we're very excited about that. That represents about 80 percent of our total portfolio, so we are excited about that.

Moving on to another accomplishment that I want to recognize, Jerry Garth has been somewhat of a de facto program manager for our supplier diversity for several years now. Formerly he took the position of this year reporting to me, so we are excited about that transition as we have been discussing diversity and inclusion as a journey for us.

Not that it's part of the report, I always bring up the fact that diversity inclusion is beyond just procurement. For us, it's a strategy and critical with several of the colleagues.

Over the last three years we have significantly improved hiring internally and externally. In 2015, 67 percent of our external
hires were diverse; in 2016, 58 percent, so we're very proud of that and will continue that journey.

As Commissioner Rosales said, it's all about the numbers, so let's talk about the numbers. In 2017 or 16, $41.8 million of total spend diversified.

In this session I heard the importance of how much of that spend is localized in the State of Illinois and I went back to do the math on that. 91 percent of that 41 million 38.1 million was with certified vendors in Illinois.

It's been a journey for us. It wasn't too long ago we had in 2014 when we started this just under 4 percent. In '15 we were under 12, and we landed at 27.43 percent for 2016, but the devil is in the details as we heard earlier.

Our total diverse spend is sevenfold from where we were in 2014 to our MWBE spend is sixfold from where it was in 2014, but our strategy moving forward is how do we move the needle on MWBE spend as it is very low and needs to grow.

We require and are bidding that
25 percent of the contracts awarded have diversified spend and moving forward we are going to require that 10 percent in that 25 percent be MBEs, so that's our strategy as we laid out our strategic plan for this report out.

That's all I have to share and will answer any questions that you have.

COMMISSIONER MAYE EDWARDS: That's fabulous.

Thank you.

MR. HAUK: Thank you.

COMMISSIONER MAYE EDWARDS: Now I would like to introduce you to Melvin Williams, President of Nicor Gas. Mr. Williams.

PRESENTATION

BY

MR. WILLIAMS:

Good afternoon. I'll forgo the introductions since this is my second bite at the apple today, and I'm going to be very brief. In fact, I'll start by saying everything we are doing is not reflective in either our reporting or this overview, and we welcome the opportunity, as we have
said last year, to engage in a meaningful dialogue around the structure, around the reporting, the content to consistency, the measurement, and we look forward to facilitating that or incorporating that as part of our overall MBE strategy.

Over the last couple of years, we have made sustainable progress in Nicor Gas not only around our overall quantitative performance, but we have made a considerable improvement in terms of the tone and the expectations that we expect around business diversity.

I said last year that our vision around business diversity is not a program. It's not a priority. It is an organizational value that is a strategic business imperative. It cannot be more clear in terms of why that's important for the overall consistency and sustainability of our business diversities -- supplier diversity effort, and I'll go off script just a bit.

I know you've heard a lot of dialogue around both the challenges and opportunities and a number of different dynamics associated with this
path that we are on around continuing to advance this mission.

There is also some realities that takes place in every organization and we seem to be able to create narratives around what those realities are.

I talked often about there's three misconceptions as it relates to the culture dynamics associated with business diversity.

The first is in order to be able to partner with diverse partners, that automatically means that we are going to displace a prime partner, a misconception; that we are going to meet our commitment around diverse partners that it automatically means we are going to have to have price quality, misconception; and, thirdly, that in order to be able to meet our commitment around our diverse partners that it automatically means that we return to the whole price of commitment. Those are the three primary extremes in every organization.

Now while these are certainly not realistic, they're very much real, and so those are
the things I think, once again, that we collectively need to insure that we remain engaged in dialogue to insure that the fundamental understanding from all the stakeholders in terms of how those play out in the organization and what we can do collectively to insure that we are on the path of addressing those so that we can insure sustainable progress. That's my off-the-script comment by the way.

Nicor Gas over the last couple of years, last year, in fact, $146 million spend in minority women and veteran-owned spend which is 26 percent of our overall eligible spends. It's 21 percent over 2015, and I'll make a comment about that as well.

While we've made sustainable progress in this area, in fact, over the last four years we have gone from a spend of about 4 percent, $8 million in five years -- 8 million to about 26 percent $146 million, but it's not necessarily a linear progression in terms of how that spend will occur over the next two to five years.

Again, I will welcome the opportunity
as we perhaps have an opportunity to talk more about that.

We continue to have a focus, and we talked earlier, about professional services. There is significant opportunity in terms of I think macro, gas, as well as the other utilities, in terms of where the opportunities are in that area.

We are looking at creating scoring mechanisms to insure that we have expectations around all aspects of financial, looking at legal and other areas where we know that we've got a gap around opportunities, and those are going to be the areas where we are going to focus on.

I'll talk a little bit about the strategic plan. I'll only hit on just a couple of quick points with respect to that. We are continuing to evaluate our diverse pipeline and seeking to develop stable relationships through our sourcing process, so this is not about bringing dozens and dozens of partners into our business. It's about creating strategic alliances that become sustainable over time.
In fact, I said, and I'll continue to say, it's our mission really to create those strategic alliances that will know how to be able to do business with Nicor but at some point they will outgrow Nicor in terms of being able to do business in much smaller markets, so we have seen some successes around that.

We have partners that are not only doing business with Nicor, they are now doing business with the other utilities as well, and that is, in fact, a measurable result of our efforts through the -- our efforts to participate through IUBDC.

Secondly, we continue to work with our primary partners. I know there's been a lot of discussions around that, and we work very closely with our prime partners and all our prime partner pipeline, so we engage, particularly our top ten prime partners, in terms of not only insuring that they are going to have our business imperative, that they have a fundamental understanding of what our goals are.
Our expectations five years ago when we started this was that we weren't necessarily starting them on track with a mandate in terms of performance but our expectation was that they'll continue to go in the same manner that we do.

Now there's been consistency among some of the prime partners. There's not necessarily been consistency around others, but the ongoing engagement and expectations we are continuing to see progress and we'll continue to see progress in that area.

The other thing that we have done involve through outsource process. We have a requirement that our prime partners have a minimum expectation of 20 percent spend on all source projects and that number will continue to increase over time as well.

We also do a post-project review to insure that those results are consistent with what we have included in our RFP process.

We will continue to review that to insure that those expectations alone not only what
we have said set as a bar for our RPF that we are consistent with what the expectations are.

And, finally, you know, we have continued to see year-over-year improvement. We will continue to set aggressive strategic goals and plans and we will continue to insure that we're meeting our values and commitments around business diversity, and we welcome the opportunity for any questions.

CHAIRMAN SHEAHAN: Any questions for Mr. Williams?

(No response.)

Thank you, sir. That was great. Our final utility vendor is Charles Matthews. Charles.

PRESENTATION

BY

MR. MATTHEWS:

Thank you, Chairman. Good afternoon, Commissioners. Exactly where I want to be. I'm going to sit here because I hate to be sitting next to the door and be the last speaker. I got a
feeling there's going to be a beeline for that door here shortly.

Let me also thank all of you.

COMMISSIONER ROSALES: We have a round table.

(laughter.)

MR. MATTHEWS: I am going to trust you on that one.

Let me thank you all for your attention to this very important area and, more importantly, for your support.

Let me also thank you for reinventing this format. I know last year when we met there was a lot of discussion about how do we make this more constructive, and I thought today so far certainly that it had that fit, especially with participation by the stakeholders. Let me thank you for that.

I believe I do have a presentation and I feel obligated to those numbers how quickly they got them to me, about six or seven, maybe eight.

I have with me Jennifer Morrison, who is the brains behind this operation. She's our supplier diversity manager for Peoples Gas and North Shore Gas.
The reason I feel compelled to go through some slides, because I remember vividly last year I communicated that we were building a foundation for sustainable and viable supply diversity initiatives, or SDI, and that our rebuilding process was on the heels of losing a major DBE supplier that accounted for 43 percent of our spend.

I also indicated that the foundation would be built around identifying local suppliers, especially in the construction and restoration areas, that can provide service on a competitive basis.

I'm here to tell you today foundation has been built and the rebuilding process is well underway. More importantly, I'm here to tell you we met our 2016 goal.

In 2016, 17.8 percent of our total procurement spending went to diverse suppliers. This exceeded our goal of 17.3 percent. The approximately $70 million of spend represents an increase of $11.7 million over our 2015 actual
When adjusted for the contractor that is no longer part of our SDI program, our results are showing consistent growth over the last four years, and I think this is what Dr. Coleman talked about going in and looking at the trends, and we're very pleased with that trend.

The best indicator of our progress is the MBE results. $47 million of our approximately $70 million spend in 2016 went to MBEs. This represented 67 percent of our diverse spend. We spent six times what we spent in 2013 and nearly double the spend in 2015.

Professional services spend of 16.7 million represented an increase of approximately a hundred percent over 2015 results. The growth was primarily in the areas of engineering and consulting services.

We will continue to highlight opportunities for growth at our supplier diversity symposium on July 25 where we'll discuss our five year plan for the procurement of professional
Last year I talked about the importance of increasing our secondary target from 5 percent to 20 percent. In 2016 our prime suppliers achieved an average of 14.4 percent tier two spend. This resulted in tier two spend of approximately $31 million, an increase of $7 million over 2015.

We made deliberate choices to reallocate work when prime suppliers were not showing progress toward meeting our second tier target. Second year spend will continue to play a critical role in the growth of our SDI program.

I will talk about some broader challenges in the next slide, but let me say up front, and maybe I shouldn't say up front and maybe I should change this, but our biggest category challenge is in the area of WBEs, and I'm thinking about changing some of the words from Dr. Coleman, but spend for minority women increased by 3 million in 2016.
The approximately 22 million spend with non-minority women represented a $10 million decrease from 2015. Going forward we will put additional focus in the areas of capital construction, restoration, and engineering services as these are areas that represent the greatest opportunities.

Again, I take a lot of comfort that we have gone to our MBE. I certainly mean it. My goal -- our goal is to grow all the categories continuously. So this is an area that we have been challenged in and we certainly will put a lot of effort into doing better going forward.

Now let me talk about the continuing challenges that impact our ability to spend across all categories. The underground construction area where significant opportunities exist is a very capital-intensive industry. This has severely limited the number of diverse suppliers participating in this area.

Another area of opportunity is our capital improvement work at our gas storage and
transmission facilities. The highly specialized
skills and equipment required to do this work has
created barriers to diverse suppliers as well.

We will continue to identify and
develop more diverse contractors in both these
areas. Preferably within the state, however, we may
have to expand our search outside the state to
ensure continued growth of our program.

And let me just say that we have
joined Pack United Way and Chicago United Five
Forward Program, as well as we have two programs --
two companies that we have entered into their
program and certainly they will help us address some
of these challenges.

I just mentioned our --

COMMISSIONER ROSALES: I'm sorry. Your third
point was market competitiveness. Is that an area?

MR. MATTHEWS: Yes, that is a good point. That
is another area of market competitiveness, meaning
just having them be able to participate
primarily through our RFP process with the
competitive bid; however, we do use the best value
approach quite often to sort of level the playing field and acknowledge all of the value that the supply diverse suppliers bring.

COMMISSIONER ROSALES: I didn't want to stop your presentation, but I do want to come back, because this is what we are looking for is how do we help you in this area, so we will come back to the subject.

MR. MATTHEWS: Okay. Now let me talk about continuing challenges that impact our ability to spend throughout all categories.

The underground construction -- I'm sorry. I'm going back. Let me go to the next slide. I just mentioned our intention to build our MCI Program with local vendors first, and in 2016 we were very successful at utilizing local vendors.

We are proud to have spent 86 percent of our dollars with vendors located in the State of Illinois. This has been an intentional focus for Peoples Gas and North Shore Gas, and we plan to continue utilizing both local suppliers when possible to maximize the local economic impact.
With that, I conclude my presentation.

Again, I thank you for this opportunity to provide just some highlights of our 2016 SDI story, and now I'll take questions and I may have to get Jennifer to help me.

COMMISSIONER ROSALES: This might be for the roundtable. I appreciate hearing the challenges that you have, and this is our responsibility as to how do we help you. That's why we want to perhaps do this as a roundtable.

Dr. Coleman, do you agree?

DR. COLEMAN: I'm sorry?

COMMISSIONER ROSALES: I was asking you --

CHAIRMAN SHEAHAN: Why don't we do this as a roundtable.

Any other questions for Mr. Matthews?

(No response.)

This is kind of a natural place to take a break, so let's take a 10-minute break.

We'll come back at 3:25 for our corporate executive roundtable.

(Whereupon, a 10-minute break
was taken.)

If everyone will take a seat. We are going to invite our company executives to come up front.

Mr. Coleman, Commissioner Edwards is going to lead the discussion.

COMMISSIONER MAYE EDWARDS: Thank you again to our utility teams for their presentations.

We will now move into the final leg of this policy session, and that is a brief roundtable at which all leaders and Dr. Coleman will join us for our brief discussion.

Now we have learned a lot of great information today, and my first question, and my fellow Commissioners will also as well will have questions, but I wanted to ask you before you respond to the comments you heard earlier by recent remarks, as well as Dr. Coleman's recommendation for a template and structure, I know in the past we talked about getting uniformity to the reports and for a variety of reasons I think it hadn't always been on the same page, but I think what I appreciate
most about this state and the way we do things here is that it's really a collaborative partnership and that was one of the purposes of the goals of creating the IUBDC really to work together.

I like what we have going here and what we are doing, but we really want to be on the same page, and as we continue to progress, and advance, and try to implement 5-117 that there are some things that we noticed to put in place, and I know there are sometimes obstacles where you feel like they're not make it seem complied with. I want to make sure we are all on the same page.

What are your thoughts on a structure template as far as the reporting requirements go, more structure regarding the reports related to the definition I think that was mentioned as it relates to, you know, some of the other -- I think it was trends and those types of things, and also some of the comments that we heard this morning.

Some of those, just to refresh your memory, were that for IUBDC is really doing really great, however, very, very general, so maybe you'll
Melanie might have mentioned in your reporter that you have a need for 400 diverse businesses. How are these businesses get one-to-one interaction, maybe they're coming to the event and they're not necessarily following up or following through.

I heard people say it's difficult. It's a catch-22 process of a lack of access as mentioned in your report. You need a happy medium to be able to present or are able to come and have access to capital. Oftentimes they can't get access to capital. Nobody is going to give them a chance. They collaborate with businesses, therefore, they don't have a large balance sheet, so it's a catch-22.

So do you have a response to some of those questions, we would greatly appreciate it.

MR. WILLIAMS: Let me start by saying, Dr. Coleman, thanks for your remarks.

COMMISSIONER MAYE EDWARDS: Mr. Williams, I don't think your mic is on.
MR. WILLIAMS: It's green. Greener now.

(laughter.),

Interestingly enough, I'm color blind.

(laughter.)

Once again, let me -- Dr. Coleman, thanks for your remarks and your report, and I think I can speak for my colleagues conceptually that we remain open to creating a more consistency structure, the content around reporting, the analytics associated with information being provided to insure that we are all consistently reporting around that.

But even more importantly, we remain open to engaging in the dialogue around all of these things and that we don't wait another year to make an assessment or get input around that but we're doing that consistently either through the form of the IUBDC or whatever platform that we deem effective in terms of being able to do that.

I think it's important that we understand in terms of the expectation around the reporting as it relates to measurements,
grading, and however we want to describe that, that all those things I think it is important that we understand also what it means to be a regulated utility, and what the compliance requirements are, what the regulatory requirements are, what the limitations and challenges that we have, and all facets of our business, that there's a fundamental understanding of what those things mean, how that's represented to insure that we can remain on a path of understanding, how that reporting and how it is being utilized.

We said this last year in that we welcome the opportunity and perhaps the take away from this session is that we can find exactly what that will look like over the next 12 months and what that engagement will look like.

COMMISSIONER MAYE EDWARDS: Thank you.

COMMISSIONER ROSALES: Who would own that? How do we get that done? I want to make sure it gets done.

MS. PRAMAGGIORE: So I guess there's a question or there's sort of a couple of things, I think two
buckets. One is goal and criteria and another is just data production, and you are looking for both, I think, and some consistency in the data production. I'll just try to find a level --

COMMISSIONER ROSALES: We want apples to apples, and so I'm understanding from you all that it's the goals and criteria, because there's somewhat ambiguous. It's hard to get data straight. We are looking for apples to apples. We should not have to go through what we did this year in Page 31, Page 62. It should be very clearcut as Dr. Coleman talked about.

MR. MATTHEW: First of all, I know we made and had an attempt at trying to create some uniformity in the reporting, so I think -- and I thought we were there or close, so maybe it starts with getting some feedback, specific feedback as to where the differences exist, because this is the first time I've heard of this today.

COMMISSIONER MAYE EDWARDS: The first time you heard the reporting was consist?

MR. MATTHEW: Yes.
MR. WILLIAMS: You know, it would remind us that we have been on a journey with regards to reporting. The first several reports we all realized that there were individual reports from each utility and there was no consistency in terms of structure, format, content or metric. That was kind of iteration one.

Next year what we did was to at least try to have an outline in terms of what these reports would look like.

Again, I would remind us that part of the challenge is in terms of where we get information at each of our respective utilities, the content of that information and links around it while it's different, but in large part we can gather information to continue to create a level of consistency in terms of the reporting.

I think the next generation really we work very closely with Commission staff to insure that there was at least some fundamental understanding of what all those reportings will entail and, once again, we still in this area how do we get more consistency.
Once of the things that we are going to have to insure that we align around what is the expectation around reporting specifically and how do we ensure that the different utilities understand exactly what the expectations are, where there are gaps, how do we understand how we begin to close those gaps, and what the timing around addressing those gaps, what do we see over the next year or so that we'll continue to be more consistent in developing the reporting.

But I think the point that was made earlier, it's not just the format or the structure. It really is the content, the instrument, and all the things how we are going to measure in terms of progress.

Are we consistently reporting those measurements and our progression in the same manner and are we consistently insuring as we continue to grow in all areas of diversity that we are doing that in a very uniform manner, but we are aligned with all our stakeholders to insure that they're fundamentally aligned around with what those
expectations are.

So to your question, Commissioner Rosales, so long as we all own it, all of the stakeholders own it, how do we insure that we create this platform around alignment consistency or however we are going to report and what content and structure that we report.

MS. PRAMAGGIORE: And if I can just -- if I can get statistical for a minute, I think that what we can probably as a IUBDC group do is to work with Danisha and try to put together a proposal or a template of what you would look for.

We are going to have to look through definitions. It's easier than it sounds, but I think that's the place to start, and to put a template together. This is the data -- this is how we define tier one and then propose that to you.

The next challenge will be to actually generate that data in our organization. Since it's not an easy thing to do in all cases, we are really pushing our organization to give us better data and deeper and more granular data all the time, but it's
something that the companies haven't -- you know, the tier ones are pretty easy. Once you get past that, it gets a little bit trickier. We have to push that in the organization.

There may be, you know, a time line in which we need to sort of -- you know, for compliance, but I think we could start with -- you know, with a collaborative process amongst ourselves and, you know, Danisha to start to get that together.

MR. MARK: I would agree with what Anne and Melvin said. I think the one key is maybe working with Dr. Coleman to identify where these gaps and how we can identify those issues and then talk about what are the definitions, if there's differences, and come to some format on, as Anne said.

I think the difficult thing that we find is if we can defined -- work out what these issues will be, come to some consistency or a template, then spend the time frame for implementing it, and so that we have enough lead time that we have to make changes the way our data is collected
that we can do it in preparation for giving you the
information you need.

I think one of the challenges that if
we are trying to gather that information in a week's
period of time to put it into a report it makes it
extremely difficult, but if we know next year what
this criteria will be, we can start today putting
our systems in place, developing the information
that we need, the process we need to collect that
information in a format that we can easily provide
it to you.

So, you know, one of the things is
that you can easily get overwhelmed is the data, but
you have so much data some times the way it's slice
and diced becomes very difficult, and so that's the
one thing I would think we are working with, how do
we identify what these are and then timing for
implementing and then we can go back and put the
process in place.

DR. COLEMAN: I would just like jump in here. I
think you guys are well on your way to coming up
with a solution to what the Commissioners are asking
for in terms of coming together and working with Danisha to define what a template may look like with respect to consistency of your data as well.

So I think that you are definitely in the right direction towards getting there, and I would think that based on the report -- all the reports that I have reviewed and the data that's there that you are close in terms of the actual data recording in terms of tables, and your Appendix A, and things of that that nature.

There is certainly a need to tease out and be clear about some areas, some information that are in those tables, and but that is there. You just need to be clear about that.

So I don't -- and in terms of when you look at the outlines for the beginning of your reports, most of you are pretty much using the same outline. Okay. So it's not a big difference there.

Part of the issue is that let's say you are talking about tier two spend. Part of that discussion could be spread over three different areas of your report, and so we don't want that
spread over three different areas of your report.

You want that in one succinct area.

If you are talking about spending goals or your spend history, you don't want the executive message in certain bodies of the report and then later on as you talk about 2017 goals, so you don't want to confuse what you are talking about in various different areas of your report.

You want to be very clear, very succinct, very on target, on focus about each specific area and not spread that area throughout the report, and that's just one example. Okay.

In terms of the methodology that I propose, that's where I think IUBDC and the ICC really needs to sit down and work together and reach some level of consensus about if we pursue this sort of approach, then what is the consistency that we have with respect to the definitions of what we mean for some of those things in 5-117, and that's really just being clear that if any committee that sits together and looks at your report, they're going to be able to consistently score that in a way where
it's not going to be any outliers to what it is
that's being rated or ranked on.

So that's the kind of hard work that
needs to go on in the background to make it a
methodology that works, but that's the common
approach and it's certainly necessary.

COMMISSIONER MAYE EDWARDS: Is it realistic to
say all five of the very dynamic utilities can come
up with a template that's realistic?

I think everybody just in the last
couple of years working hand in hand, I think with
you all having discussions, a couple of roundtables,
every utility kind of focused on something different
or something that's of value in terms of it might be
more important to one, okay, than another.

It seems as though there were times
you were not all on one page. I should say all five
utilities are not on one page. It's realistic?

MR. WILLIAMS: Yes. I think we all would agree
that's very realistic. We're not starting from
scratch here. We have a framework and to realign
and evaluate the structure. We are very willing to
insure that we can make that commitment now.

We also have a structure within our diverse IUBDC in terms of a framework how that would be done. We have advised counsel and committees that work very diligently and, I would remind all of you that these are professionals who have day jobs and they have been very committed in terms of the amount of time and effort they put into the results that we have already achieved.

We will be setting expectations that this will be the focus for this group insuring that we will be working towards this process.

We welcome the opportunity to get the perspective from Dr. Coleman or others who may have some input how we will be able to structure that and we'll make a commitment and make sure that happens with Danisha and staff as well as to insure the support of our advisory counsel.

COMMISSIONER MAYE EDWARDS: We appreciate that.

COMMISSIONER ROSALES: When we started earlier this morning, I had two challenges. One was the uniform report structure that we spoke about, but
the first one I talked about was the utility spend
and diverse businesses outside of Illinois, so after
listening to all the presentations, it seems like we
have a difference of opinion, because Mr. Williams
about talking $2 spend in diverse businesses but our
numbers indicate 900 million to 1 billion is outside
of Illinois.

There's a gap there in terms of
miscommunication or where there was those diverse
businesses, and I understand as a Commission our
business doesn't end at the state line, so they're
in your territories, that's understandable, but,
again, in the spirit of what we are trying to do,
the diverse businesses in New Jersey or the West
Coast, it doesn't seem like that should be part of
that, and so that's a concern that we have that I
have to be honest with you.

Now we need diverse businesses and
contribute within the communities that you serve,
and if you have a problem with it, let us know, but
that's how we see it, and I know, President Mark,
you talked about that, and I commend you for it, and
Anne the same way.

I mean, I understand that you are serving -- these are the businesses -- these are the populations that you serve and communities that you serve and these businesses are there and you are there and you're looking for diverse spends in those communities, but when they're way out there, to me that's not the spirit of what we are looking for.

COMMISSIONER MAYE EDWARDS: I understand it when there's a void and there's not that service or that business here within the state line.

COMMISSIONER ROSALES: Absolutely.

COMMISSIONER MAYE EDWARDS: You are going to the West Coast and East Coast and we have it in our backyard. That's where it becomes at best confusing.

COMMISSIONER ROSALES: I totally agree. I totally agree. We're reaching $1 billion and there's something not right. When there's nobody else can build that -- the equipment that we need, I totally understand as a businessman this is -- I can only go to this place and sometimes it's oversees.
How are we --

COMMISSIONER MAYE EDWARDS: Absolutely.

COMMISSIONER ROSALES: Talk to me.

MR. WILLIAMS: Thank you, Commissioner. I will start with my comments was actually over the last two years in terms of economic collective impact for all the utilities.

I don't think that any of the leaders here will debate that our focus is around insuring that we were committed to supporting businesses here in the State of Illinois, and we have done that.

As Commissioners, you may recognize that there are dynamics in each of our organizations where there are limiters in term of where we can find diverse partners for certain sectors or certain areas of our business.

I'll give you one example. In our business, a very capital-intensive business, particularly regarding construction, more specifically regarding underground construction.

While there are diverse partners in certain degrees of that space, when we start looking
at more complex projects, large diameter piping, we become more limited in terms of identifying diverse partners that have experience, capital, all of those things that we talked about that's specifically in that space.

We have done things to insure that we aren't limiting those opportunities, like unbundling projects, like insuring ancillary services associated with construction projects and service projects become opportunities for all diverse partners and, so all those things we are doing.

I think it's important that, once again, we engage in a dialogue and make sure we understand the fundamentals of the business where we see opportunity and where we see how we collectively can become able to address these things going forward and to be very clear where all those expectations are.

And the other thing that I will say it's not our intent to be market inhibitors in business and being able to come to the State of Illinois, because we all want that, not only
inclusive the opportunity for economic impact within
the state and encourage other businesses to be able
to do that as well, no differently than many of our
diverse partners who are doing business outside of
Illinois, and we encourage them to be able to do
that as well, because it gives them the opportunity
to grow.

So there's got to be a balance in this

narrative around what that represents. I won't
debate the numbers, but I think that it is important
that we create this dialogue to make sure there's an
understanding all the different variables in the
narrative that we are talking about.

COMMISSIONER MAYE EDWARDS: Just another thought.

COMMISSIONER ROSALES: Back on the subject, I
think the resources are so substantial that there
needs to be some answers, and so that's when I go
back to the uniform reporting. We would have those
answers, if that's the case, but it seems so extreme
with that -- with that amount of spend that it just
seems more so than some of the specific work that
you're speaking of. I'm just saying maybe I'm
totally wrong, but I don't know.

MR. WILLIAMS: Commissioner, you are not wrong.

Again, I think we would fundamentally agree with the assessment you are making, but I'll give you -- once again, I'll give you -- give you a very clear example.

Last year when we were reporting at Nicor Gas, we had a very large minority partner that was a part of the performance for 2015, this is a diverse partner. That firm is based outside of the State of Illinois, but they relocated here with resources. They hired labor here. They hired -- they created a structure here in the State of Illinois. They are one of the largest underground contractors in the U.S. They're a $5 billion business, but they're a diverse firm and is one of the largest in the U.S.

Well, they decided in 2016 that they wanted to go to other markets in order to be able to capture markets outside of the State of Illinois. It placed a big void for Nicor in terms of saying we could unplug that particular diverse partner and
plung another one of this size, scale, to do the
same type of work.

That's just one example and I'm sure
everyone up here can give you a different example,
and if not just whether or not a contractor is
bought or purchased by a minority or majority
partner.

There are times when minority partners
become insolvent in terms of the times they can make
different business decisions that they want to go to
other markets. There are many variables. There's a
healthy dialogue around understanding all the
variables.

Yes, we can look at the numbers and
understand what those numbers represent, but I
fundamentally believe that the true engagement
around understanding these things is to make sure
that we understand all these factors and how we work
together in order to be able to address those.

CHAIRMAN SHEAHAN: I want to be mindful of the
time. We have a little less than 10 minutes if
anyone has a question, then maybe if any of you
would like to have kind of a closing, you know, statement, you are willing to have one, Commissioner Maye wants to say a closing remark as well.

ACTING COMMISSIONER OLIVA: So just to end on a positive note today, and we have focused on those positives and recognize there has been progress in the last four years, I would like to hear what as a leader you are most proud of regarding the 2016 report.

MR. MATTHEWS: I guess Peoples Gas and North Shore Gas would have to, one, be the progress we have made which, again, we have doubled each of the last two years and now we are at 65 percent of our total spend and the other one would be that 86 percent spend in Illinois.

MR. HAUk: I thing that I'm most proud of in 2016 was a sevenfold increase in spend over 2014 and total supplier spend and sixfold in our MBE category, but, as I said, it's a journey and we are a long way away from when we are going to see progress, and I think I heard from the Commissioners before and having been around these different events
it's when the leaders take charge and create the influence that I see change.

I'm proud of the colleagues that I have worked with in the State of Illinois.

MS. PRAMAGGIORE: I would say I think what is inspiring for me is to see the narratives of businesses like Ozzie's and like EDI where you see a company that starts a very small firm with two other people. NPR is another one. When we started working with them five years ago, they had 12 people now they're pushing a hundred.

To see them grow and to actually become a going concern that can stand on their own that is -- that's the most exciting part of this and that's what I'm most proud of.

MR. MARK: I have something that our company did in 2016 that I'm very proud of -- I would like to be careful before I say that, and to say that, you know, I'm really proud of the IUBDC and this group of leaders is a diverse group, and I think it's probably one of the most diverse group of utility leaders that I have ever been around, and just to
have the opportunity to get five businesses of our size in the same room, the believers in the room, and to actually talk and get something settled and move things forward, I'm extremely proud of that, just to be able to work with these individuals.

So I think we have come a long way.

We have a long way to go. We all know that, but I think when we get to our meetings, you know, it's all -- everyone is on the same page. Okay. Let's move it forward. We probably have five different ways of doing it sometimes, but we are all trying to get to the same end goal.

So I think your request that you have of trying to get to a template and keep revising our reporting, I don't think you are going to get one done. It's like to get it a little better, get it a little better.

I would like to say that one of the things I'm very proud of is our diversity spend steering committee. I think a lot can be driven by us as leaders of organizations, but until you get the idea and the philosophy about the diversity and
the inclusion to the lowest levels of the organization, to get everyone thinking about it so that when they see a contractor come on property whether -- you know, there was an opportunity for diversity, bring one on.

When you start getting the culture of questions like that and start questioning my managers, my supervisors, my vice presidents, me, I think then we'll be on the road to having a truly successful diversity program in the State of Illinois.

MR. WILLIAMS: And I echo Richard's remarks, particularly as it relates to the IUBDC, and I just really enjoyed the opportunity to be a part of this dynamic leadership team.

We don't always agree. I will be very candid. We don't always agree on your approach, but there is an unyielding agreement of a commitment around the mission. I think that we have all enjoyed the mission over the last several years.

Finally, as it relates to Nicor Gas, I'm very pleased with the progress that we made on
this journey. I'm confident for 2016, but I'm even
more pleased with the cultural dynamics of what's
changing within my organization as it relates to
diversity, because, and I say this all the time,
that I am committed and my entire organization
understands, but everybody in this organization has
to be committed to continue to be sustainable in the
future, and that's the level of progress that I'm
very pleased with, and we continue to change in that
area. Thank you.

CHAIRMAN SHEAHAN: Thank you.

Commissioners, would any of you like
to make a closing statement?

COMMISSIONER MAYE EDWARDS: I want to say very
briefly this morning I said diversity is being
invited to the party and the inclusion is being
asked to dance.

I just charge every utility to go out
and reach out to your vendors and invite them to the
party, play some really good music and get them on
the dance floor.

(laughter.)
CHAIRMAN SHEAHAN: I want to thank all of you for being here today. I think it's not lost on us that it is a huge commitment of your personal time to prepare and be here for an entire day, and I think it speaks to your commitment and your companies' commitment.

We are really at a very interesting time when we have the most diverse Commission in the country, probably the most diverse group of state -- presidents in the state and the country, including the commitment from the Governor, and it's really exciting for me to hear the personal stories of how things have benefitted from this.

So thank you for being here. Thanks to all of you for attending, and if no one else has any other business, we are dismissed. Thank you.

(applause.)

(Whereupon, the above matter was adjourned.)