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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
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I N D E X

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

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I N D E X

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

1 CHAIRMAN SHEAHAN: I would like people to take
2 their seats, please.

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

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

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

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

20 I'd like to especially recognize and
21 congratulate Commissioners del Valle, Edwards, and
22 Rosales, and Acting Commissioner Oliva for their

1 commitment to this effort.

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

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

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

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

19 In particular, I applaud their efforts
20 to engage diversity in their service territories.
21 Diversity was a topic discussed at my very first
22 meeting at the ICC. At the time I expressed my firm

1 belief that we must lead by example and that remains
2 true today.

3 With Governor Rauner's leadership, the
4 Illinois Commerce Commission is the most diverse
5 state regulatory body in the country, and our staff
6 is the most diverse it has ever been in the agency's
7 100 -- more than 100 year history.

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

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

19 Diversity plays a vital role in the
20 communities that we serve. Governor Rauner has been
21 a trail blazer in promoting diversity, and it's
22 clear that diversity makes organizations

1 fundamentally better. Embracing and encouraging
2 diversity is a continuous effort and one the
3 Illinois Commerce Commission is proud to lead with.

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

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

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

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

19 This is my fourth Supplier Diversity
20 Annual Policy Session and things change. First, and
21 foremost, I do want to thank my colleagues. I would
22 like to thank our fearless leader, Brien Sheahan,

1 who I always tell people that we are the most
2 diverse Commission in the nation, that we at this
3 time have three Latinos, one African American, two
4 women, and I always say one Caucasian chairman,
5 because that makes such a difference.

6 (laughter.)

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

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

19 I am very thankful to my colleagues as
20 well who, along with Mr. del Valle and myself,
21 jumped right in and stepped in. Again, when you
22 work with people who get it, it just makes it easy.

1 It really does. So I am thankful to be on the bench
2 with four distinguished people that I get to sit
3 with each and every week.

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

9 Now what I think about today, I think
10 about themes, and, of course, we don't have themes
11 in these policy sessions, but if we were, what would
12 it be? Would it be growth? And I think about
13 growth because I think about when I started here in
14 2013 we started a new session called the Utilities
15 Act Section 115, and it evolved to 117.

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

1 significant.

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

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

15 But more than anything when I think of
16 a theme, I think of diversity and inclusion, and a
17 very smart person one day said that diversity is
18 being asked to dance, but inclusion is being asked
19 to the dance, but when I think of myself, yes, I
20 like to party and I like to dance, but I don't just
21 want that. When I get to dance, maybe I want to
22 have a drink, maybe I want to sit down with people

1 who don't look like me, maybe I would like to see
2 the menu, maybe I would like to order, maybe I want
3 to get a full meal, and maybe I want to have
4 dessert.

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

10 (applause.)

11 CHAIRMAN SHEAHAN: Thank you, Commissioner.

12 Commissioner Rosales.

13 COMMISSIONER ROSALES: Thank you, Mr. Chairman.

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

20 First one is the amount of spend
21 utilities have in diverse communities that are not
22 in the State of Illinois. It's actually one of

1 diverse that is within Illinois, and I think in my
2 perspective it goes against the spirit of what we
3 are trying to do at the ICC and I'd like to see it
4 addressed at some time today.

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

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

18 CHAIRMAN SHEAHAN: Thank you Commissioner.

19 Commissioner Oliva.

20 ACTING COMMISSIONER OLIVA: Good morning. I'm
21 truly excited to be here attending my first Illinois
22 Supplier Diversity Policy Session, and I'm looking

1 forward to hearing from our distinguished guest
2 speakers and our stakeholders.

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

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

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

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

1 CHAIRMAN SHEAHAN: Thank you.

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

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

7 PRESENTATION

8 BY

9 MR. PETERSON:

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

15 BEP, for those who don't understand,
16 this is the Business Enterprise Program. We help
17 minority women, persons with disabilities, and
18 veterans get certified with the State of Illinois
19 and also we put goals on state contracts and
20 procurements, and then from there we adhere to the
21 rules and laws of the State to insure that the
22 primes and the subs are within compliance of

1 everything.

2 This is actually the first time that
3 we share in public our BEP cornerstone that we hope
4 to accomplish within the next year, how to increase
5 our procurement goals and increase our participation
6 with minority women, persons with disabilities, and
7 veterans moving forward.

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

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

17 With that being said, one
18 accomplishment that we have already checked off was
19 a certification system. August 9th of 2016, this
20 certification system allows 100 percent of an
21 opportunity 24/7 for a vendor to become certified
22 with the State of Illinois in real-time.

1 Not only does it allow the vendor the
2 opportunity to get this done in a quick manner, we
3 are now on the average of certifying a vendor within
4 roughly around 15 days with a 60-day statute, so we
5 have decreased the average time over 10 business
6 days for a vendor.

7 With all that being said, within that
8 we hope to, with a target date of August 1st, have a
9 compliance system. Within a compliance system, the
10 current problem is that if a sub-vendor is not being
11 paid off by the prime vendor, what have you, there's
12 no way the state can actually track it, so the only
13 time we find out that there's a problem is if one of
14 the BEP vendors says I'm not being paid. Hey,
15 they're not following the contract. The letter of
16 intent says that they're going to use us at
17 5 percent and they're not using us.

18 So within this system in which also is
19 part of the Governor's executive order with a target
20 date of August 1st, it will allow us to actually
21 facilitate and put teeth into a program that has
22 been so toothless for a long time.

1 So with that being said, the other one
2 is the Governor's Initiative Sheltered Market,
3 Executive Order 2016-08, allows the opportunity for
4 BEP vendors to take a portion or the whole contract
5 as a whole.

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

10 So June 26th --

11 (brief interruption.)

12 God bless you.

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

18 So the fourth one is also goal
19 setting. Are you diversity too large to put a goal
20 on a contract which makes our goal very low? So in
21 order to fix that pillar, we have to find a more
22 legitimate universe in which we will allow companies

1 and allow BEP and these vendors strong opportunities
2 to actually survive in this state and actually have
3 an opportunity to grow and rebuild.

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

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

20 Also, we would like to open up to
21 everyone here in attendance as well, and we do have
22 three spots open on the council so if anyone would

1 like to participate in this great initiative, we are
2 happily moving forward.

3 We are absolutely open up to
4 questions.

5 CHAIRMAN SHEAHAN: Thank you.

6 Any questions from the Commissioners?

7 (No response.)

8 Thank you. Appreciate it.

9 Commissioner Oliva is going to
10 introduce our next speaker.

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

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

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

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

1 Illinois Power Agency, and the Illinois Pollution
2 Control Board.

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

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

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

12 CHAIRMAN SHEAHAN: You could just hit the mic.

13 PRESENTATION

14 BY

15 MS. RIVERA:

16 Thank you, Commissioner Oliva and the
17 ICC Commission as well. Thank you for the wonderful
18 introduction and for having me here. I am Ennedy
19 Rivera, the General Counsel to the Office of the
20 Lieutenant Governor. On behalf of the office, we
21 welcome everyone to the Annual Supplier Diversity
22 Policy Session.

1 As we all know, the utility industry
2 is a major driving force towards its economic
3 development, yet equally important to that statement
4 is the realization that diversity makes Illinois
5 companies and the state stronger.

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

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

20 You see diversity brings a competitive
21 advantage. This is the primary reason why there
22 needs to be a direct focus on minorities, women,

1 disabled, and veteran populations within the State
2 of Illinois.

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

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

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

17 Now to every participate here, you
18 have an important seat at the table. Leverage it.
19 Roll up your sleeves and tackle the hard issues
20 together. You are here to share your talent, your
21 skills, your knowledge, and your expertise. Thank
22 you for having me here today.

1 The Office of the Lieutenant Governor
2 looks forward to working together with you in
3 support of the State of Illinois.

4 CHAIRMAN SHEAHAN: Thank you.

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

8 COMMISSIONER ROSALES: Thank you, Mr. Chairman.

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

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

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

22 Ms. Doria.

1 CHAIRMAN SHEAHAN: The button is on the face.

2 MS. DORIA: Right where it says push.

3 (laughter.)

4 PRESENTATION

5 BY

6 MS. DORIA:

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

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

19 Thank you again for the opportunity to
20 speak to you today to celebrate the efforts made by
21 the utility companies to increase their diversity
22 participation and to have a frank conversation about

1 meeting the challenges they face in that endeavor.

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

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

13 It was our hope that this legislation
14 would spur this type of expedient growth of an
15 MWBE firm within the industry.

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

19 I believe the numbers that we have
20 seen reported in the past few years have shown that
21 there has been an earnest effort to provide
22 procurement opportunities for diverse firms and, in

1 fact, several of my members have reported that after
2 many, many years of trying to provide work for
3 various utilities without success, they have now
4 been able to secure contracts.

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

14 We recognize that not everyone can
15 work in the utility space. There are significant
16 requirements that a company must meet in order to
17 successfully compete in this highly-regulated
18 marketplace, but there are firms out there that are
19 more than capable of providing great service at
20 competitive pricing, some just simply need to know
21 who they present their capabilities to. Others may
22 need a little more assistance, such as mentoring

1 with business collaboration in order to be
2 successful in this market, but they are out there
3 and they're anxious for the opportunity to prove
4 themselves to you.

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

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

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

1 Thank you.

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

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

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

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

1 as well as the providers.

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

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

14 COMMISSIONER MAYE EDWARDS: Thank you.

15 MS. DORIA: You are welcome. Thank you.

16 COMMISSIONER ROSALES: Thank you, Ms. Doria.

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

20 MR. CORNELIO: Is this still on?

21 COMMISSIONER ROSALES: You are still on.

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PRESENTATION

BY

MR. CORNELIO:

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.

1 Yes, there has been progress and
2 success, but there's plenty of opportunities yet to
3 build on this success.

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

15 Now just imagine what bringing home
16 \$1 billion in business would mean to Illinois
17 diverse businesses and their communities. It
18 presents a great opportunity to help businesses grow
19 and create jobs and improve and enhance the quality
20 of life for our utility customers in Illinois.

21 My other experience with the utility
22 supplier diversity process has been in the last two

1 years as director of business development for GSG
2 Consultants. When I worked for the Chamber, I
3 understood the process of becoming a supplier to
4 corporation, a large business or a small business.

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

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

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

22 With more than 90 professional

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

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

13 GSG has recently become a tier one
14 environmental consultant of choice with one major
15 utility and we were fortunate to have recently
16 signed a master service agreement with another
17 Illinois company.

18 GSG's business has grown over the last
19 two years with a new partnership with a -- I have
20 written a premier tier one supplier, but it's
21 literally NPL, and I think you will be hearing from
22 NPL briefly.

1 GSG has been working as a
2 subcontractor to NPL for over a year. We provide
3 third-party quality control and safety audits and we
4 are proud that NPL has acknowledged time and time
5 again the value that we delivered to them and how we
6 helped them maximize their business capacity.

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

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

21 So, as the utilities make a sincere
22 effort to connect the tier one suppliers with

1 potential diverse subcontractor tier two suppliers,
2 our experience in this process unfortunately has
3 been difficult.

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

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

15 Thank you so much for your attention
16 and time.

17 COMMISSIONER ROSALES: Thank you.

18 Roberto --

19 MR. CORNELIO: Yes.

20 COMMISSIONER ROSALES: -- we seem to have a theme
21 here already as we begin about the tier one
22 suppliers and their responsibility and their

1 follow-through.

2 What are your recommendations?

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

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

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

18 If you can sort of establish the
19 expectation that there is a real and serious
20 expectation that the utilities or the demand that
21 the utilities' tier one suppliers to utilities show
22 effective, supportive relationships and truly bring

1 minority businesses through the process, that would
2 be a broad recommendation.

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

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

12 COMMISSIONER ROSALES: Thank you.

13 MR. CORNELIO: Thank you.

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

21 You understand it's truly about
22 bettering our communities and really to pour money

1 back into it, particularly from the demographics.

2 Thank you.

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

10 Thank you very much.

11 COMMISSIONER ROSALES: We agree. Thank you very
12 much.

13 MR. CORNELIO: Thank you.

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

16 PRESENTATION

17 BY

18 MS. HICKMAN:

19 Good morning. Commissioner Sheahan
20 and Members of the Commission Staff, thank you for
21 convening today's the Annual Supplier Diversity
22 Policy Session. I am pleased to be here this

1 morning and to have an opportunity to offer my
2 comments.

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

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

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

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

22 I, too, read all of the reports that

1 were filed and I know that a majority of the
2 utilities stated in their reports that scale of
3 diverse suppliers was a challenge to their ability
4 to provide more contracting opportunities to diverse
5 contractors.

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

15 Last year Mr. Ralph Moore provided
16 expert testimony outlining the importance of
17 strategic relationships in the growth of exceptional
18 suppliers, likewise, Ms. Gloria Castillo has spoken
19 about Chicago United Five Forward Program and its
20 enablement of the growth of minority firms, and
21 briefly in the Five Forward Program a corporation
22 makes a five-year commitment to the year-over-year

1 growth and its spend with selective businesses.

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

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

20 This expanded pathway for success will
21 allow Trice and other firms to increase the number
22 of employees, engage other minority and women-owned

1 businesses and subcontractors and professional
2 service providers and leverage this growth to scale
3 in a manner that will support the needs of our
4 utility clients.

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

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

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

19 COMMISSIONER MAYE EDWARDS: Thank you.

20 COMMISSIONER ROSALES: Commissioners?

21 (No response.)

22 Thank you.

1 Next we have Dylan Hradek, Regional
2 Manager of NPL Construction Company. Mr. Hradek,
3 good morning.

4 MR. HRADEK: Good morning.

5 COMMISSIONER ROSALES: Good morning.

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

8 PRESENTATION

9 BY

10 MR. HRADEK:

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

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

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

1 ready, prepared to receive your opportunity.

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

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

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

16 Everybody that works for NPL we
17 consider them partners, not subcontractors, not
18 vendors. They truly are partners and that's the way
19 you have to build, because again, these are smaller
20 firms. They're diverse. That means you own that
21 firm yourself. You have to be cognizant of that
22 fact.

1 NPL at times can be a very little
2 insensitive, I will admit, because we are a large
3 contractor, capital is really not an issue,
4 resources are, but we need to take those and spread
5 those opportunities to all our vendor partners.

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

9 COMMISSIONER ROSALES: Thank you.

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

13 PRESENTATION

14 BY

15 MR. PEREZ:

16 Good morning, Chairman Sheahan, and
17 Commissioners, and everyone here in attendance,
18 Commissioner Rosales. My name is Jorge Perez and
19 I'm the Executive Director of the Hispanic American
20 Construction Industry Association, HACIA, and on
21 behalf of our Board of Directors, I'm please to
22 provide testimony to the State of Illinois and the

1 Illinois Commerce Commission. I am joined by our
2 board president, Ivan Solis, and our board secretary
3 Sandi Liano.

4
5 In the fall of 1979 as an advocacy
6 organization, HACIA now represents 300 professional
7 service firms and construction-related businesses
8 that employ thousands of workers in the State of
9 Illinois.

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

18 This is ever critical because of the
19 projected growth is coming -- overall is coming from
20 the Hispanic community. Hispanics have a strong
21 entrepreneurial spirit and many have taken the
22 opportunity to establish businesses through the

1 region during the past several years from retailers
2 to general contractors but also to architectural and
3 professional service firms.

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

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

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

21 It is in the public sector and
22 infrastructure that our members have designed many

1 of the projects you see every day, but that is in
2 the public sector where the work and projects that
3 are involved and provide opportunities for HACIA
4 members to grow and really make that leap add more
5 employees being closer to achieving the American
6 dream.

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

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

18 The report and hearings have been
19 official because it does provide for an
20 understanding of the size of the market that
21 professional service firms and contractors are
22 facing and the opportunities that exist between work

1 through ComEd or Peoples Gas here in Illinois.

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

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

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

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

21 After the first report was submitted
22 and reported here in this very room, in fact,

1 they're very different. Relative to overall
2 spending, the amount of money that each
3 minority-owned firm saw was low, but then it started
4 to grow in 2012, and the report will show that.

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

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

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

21 We know one member, for example, that
22 prospected Peoples Gas for 20 years and never got a

1 call back grew his business, grew capacity and
2 started doing other things.

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

6 COMMISSIONER ROSALES: Sorry to interrupt.

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

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

19 I would add finally that we have
20 talked considerably about subcontractor
21 opportunities and as the Federation of Contractors
22 Authority, as I just mentioned, if you want to look

1 it up at opportunities, that create more sustainable
2 opportunities or not only HACIA members but all
3 members in the community -- business community.

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

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

22 So we believe and we envision a larger

1 group of contractor professional service firms being
2 able to do more throughout Illinois for whatever
3 market there is.

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

7 COMMISSIONER ROSALES: Thank you.

8 MR. PEREZ: Thank you very much.

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

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

14 (laughter.)

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

19 MR. RODRIGUEZ: That is just me.

20 COMMISSIONER ROSALES: Welcome.

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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

1 encourage greater innovative and competition,
2 greater competition for all, and it's really in many
3 of the dollars in taxpayer savings for our state.

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

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

14 Each year LGBT-owned businesses add
15 \$1.7 trillion to the economy. They create lasting
16 businesses that employ tens of thousands of
17 Americans and diversify local economies and make our
18 cities more attractive to investments.

19 Illinois' estimated 45,000 for
20 LGBT-owned business owners, businesses statewide
21 have the ability to keep growing the state and the
22 economy. They just simply need an opportunity.

1 Opening them up to our communities is
2 a simple a matter of fairness and cement Illinois as
3 a national leverage, economic opportunity and
4 contract and opportunity in all of the communities
5 in Illinois, and I stress and I'll continue to
6 stress all the communities.

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

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

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

22 So strong modernizing, increasing WMBE

1 requirements, and vendor programs in every day
2 corporations and in communities that bring
3 everything we are into everything we can be to make
4 us more competitive as a business and more confident
5 as business people, more connected as a business
6 community and more successful as an economy.

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

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

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

18 COMMISSIONER MAYE EDWARDS: Thank you.

19 MR. RODRIGUEZ: Thank you, Commissioner Rosales.
20 Thank you.

21 COMMISSIONER ROSALES: Next we have Sam Ramirez,
22 President of Senior Managing Director of Ramirez and

1 Company, Incorporated. Good morning.

2 PRESENTATION

3 BY

4 MR. RAMIREZ:

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

8 My name is Samuel Ramirez, Jr. I am
9 President and CEO of Ramirez Asset Management, as
10 well as Senior Managing Director of Ramirez and
11 Company. We are the oldest Hispanic investment
12 banking firm in the country started by my father in
13 1971 in New York.

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

19 We deliver these services to the
20 regulated electric, gas, and water industry
21 nationally, including Illinois, and it is great to
22 see so many companies with which we do business with

1 and so many friendly faces we have known for many
2 years.

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

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

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

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

21 Melvin Williams at Nicor Gas and its
22 parent company Southern Companies, we have known

1 Drew Evans through my colleague David Hern
2 (phonetic) for many years and he's brought me
3 through many things.

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

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

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

19 But the point is that the business
20 relationships we have developed over the years with
21 the Illinois-regulated companies are meaningful and
22 have helped us to advance our prime despite the

1 challenges and other similar firms have when we
2 compete in the space that is dominated by relatively
3 small numbers of large international money center
4 banks, particularly with clients that are
5 capital-intensive and capital hungry like utility
6 companies.

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

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

20 Because of these challenges, we have
21 developed a utility company relationship through a
22 wide range, sometimes through friends of these

1 companies who have been senior level management or
2 board members, sometimes through business
3 relationships we've developed at previous firms,
4 sometimes in the case of utilities with regulators
5 who use supplier diversity through a prism of not
6 only doing the right thing, but also seeing as a way
7 of adding value to the utilities and the ratepayers
8 by supporting smaller firms that bring different
9 capabilities, viewpoints to their unique challenges.

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

15 I believe we have some of the best and
16 brightest and most capable people in the investment
17 banking industry focusing on utility companies. All
18 the companies in this room have had meaningful
19 substantive conversations with my team as we help
20 them think through their index funds in some of the
21 most important capital markets and corporate finance
22 issues facing their companies.

1 These conversations have addressed how
2 to best optimize their funding activities with our
3 capital market team and have the best position
4 strategically in channeling the industry landscape
5 with our team and how to generate asset returns in
6 their pensions and investment activities through our
7 asset management company.

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

15 COMMISSIONER ROSALES: One minute.

16 MR. RAMIREZ: Excuse me?

17 COMMISSIONER ROSALES: Times up.

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

20 As we continue to have conversations
21 about how we can add value to companies, we are
22 grateful to Chairman Sheahan, Commissioner Edwards,

1 Rosales, and Acting Commissioner Oliva for providing
2 focus on the supplier diversity efforts, broadening
3 and supporting our efforts to provide present
4 banking services to Illinois regulated companies.

5 I thank you for this opportunity.

6 COMMISSIONER ROSALES: Thank you.

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

9 Ms. Marsh, good to see you.

10 PRESENTATION

11 BY

12 MS. MARSH:

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

19 As many of you know, the Women's
20 Business Development Center is a 30-year old women's
21 economic development organization. Supplier
22 diversity has been and will always be our DNA. We

1 work in a very positive way with all of the
2 utilities here.

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

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

14 Today I want to talk about veterans.
15 Veterans have been something -- the WBCC over the
16 years have looked at other populations that are
17 being underserved, and about five years ago we
18 started a program for women veterans recognizing at
19 that point that the underemployment rates were over
20 35 percent.

21 We knew that the various skills that
22 women veterans came back with and that veterans per

1 se came back with were the kind of skills that align
2 with business ownership.

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

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

20 I'm here to say today that finally we
21 are going to have that certification. It's been
22 done under an effort through the National

1 Association of Veteran-Owned Businesses, and I have
2 been working along with many others, some in the
3 utility industries in other states, to insure that
4 that certification was going to be as robust as the
5 certification for minority and women in the process,
6 and that means that the business is owned, operated,
7 managed, and controlled at least 51 percent by a
8 veteran or a group of veterans.

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

13 COMMISSIONER ROSALES: Well, you have got three
14 minutes.

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

20 There's going to be a pilot project
21 that's going to be rolled out this summer and I
22 invite all of the utilities here to participate with

1 us in that to take some of the veterans currently in
2 your supply chain and get them certified or we can
3 help you to locate other veterans who may be
4 eligible to work in your supply chain, but it's a
5 great opportunity, and this state has utilities that
6 work more closely than any other of the nine states
7 that we work in.

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

13 COMMISSIONER ROSALES: Thank you.

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

17 PRESENTATION

18 BY

19 MR. SEARLES:

20 Good morning. Thank you for the
21 opportunity. My name is Keith Searles, CEO of Urban
22 GIS, and I first want to say that as a vendor who

1 has been working in the utility space for the past
2 six years, we benefitted tremendously from supply
3 diversity initiatives. We have been able to scale
4 -- to some degree we have been able to create jobs
5 and even offices in other locations.

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

17 In terms of some of the areas for
18 improvement that I would see as a vendor space, I
19 think there's always more room for capacity to
20 increase resources, particularly human resources. A
21 lot of the individuals in the space try very hard.
22 They're over-capacitated, so it's very difficult for

1 them to be as responsible as they might want to be.

2 It's difficult for them to have the
3 accountability measures to work with not only their
4 internal staff but external vendors and hold them
5 accountable for seeing through some of the
6 initiatives that they hear about but never come to
7 fruition, just overall being more effective in
8 moving the needle.

9 The next area would be allocation and
10 focus. Some of the events that they put on are
11 great events but there's a lot of information that
12 is good for people who don't really know about this
13 space but more than likely those companies aren't
14 going to be working with the utilities in the near
15 term because they're very risk adverse and they like
16 to work with organizations that are proven, so if
17 more events were focused on building capacity with
18 organizations like mine who have a proven track
19 record with providing more face time with key
20 stakeholders within their organizations, as well as
21 with their tier one non-diverse firms, and if they
22 were to happen more frequently.

1 Sometimes they spend a lot of money on
2 an extravagant event at a nice venue. I personally
3 would be okay with it being at their shop or
4 somewhere that's less expensive and having the event
5 more frequently, and then if they could be more
6 systematic and focus with respect to tracking the
7 tier one discussion with non-diverse industries and
8 making sure that when there is a match there and
9 there are synergies that something actually happens
10 as a result of it and that it's not six months, 12
11 months later and there's no actual business
12 opportunities.

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

21 Cornerstone organizations have that
22 type of service with contractors and it's been very

1 difficult to demonstrate our capabilities in that
2 space.

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

10 COMMISSIONER ROSALES: Great ideas. Thank you.

11 Commissioners, any other comments?

12 Commissioner Edwards.

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

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

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

1 Gas and Chair of the Illinois Utilities Business
2 Diversity Council.

3 With over 25 years of experience in
4 the national gas industry and as president of Nicor
5 Gas, Mr. Williams is responsible for the oversight
6 of all operations, particularly the largest natural
7 gas utility in Illinois, serving approximately
8 2.2 million residential, commercial, and industrial
9 customers.

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

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

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

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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

1 great, committed, and passionate leaders with
2 respect to business diversity, so it's a pleasure to
3 be able to represent this group.

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

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

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

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

1 among member utilities.

2 IUBDC utilities' combined spend has
3 doubled over the last two years. In fact, over the
4 past three years, IUBDC members have spent more than
5 \$2 billion with Illinois-based minority women and
6 veteran-owned businesses driving direct spend into
7 the Illinois economy.

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

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

17 In 2016, the IUBDC carried out the
18 goals established in its first strategic plan
19 insuring that our vision and energy was focused on
20 achieving our long-term goals and, in doing so, we
21 saw extraordinary momentum and results, and I would
22 like to highlight just a few of those.

1 The IUBDC held two events last year
2 and engaged nearly 400 businesses, professional
3 services summit held at Joliet Junior College in
4 April and the Empowering Business for Success
5 Workshop in November at Brookfield Zoo.

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

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

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

16 For those of you who are not familiar
17 with our website, it is IUBDC.com. We've launched
18 news from the IUBDC and an e-mail newsletter to
19 stakeholders and we've earned both national media
20 attention -- local and national media attention with
21 coverage by the Chicago Defender and the American
22 Gas Association Magazine.

1 And since formally establishing the
2 Council in June of 2015, we have evolved as an
3 organization during that period.

4 We have restructured and added members
5 and resources and we have incorporated under the
6 state's Not-for-Profit Corporation Act and are
7 seeking our 591C6 status from the Internal Revenue
8 Service.

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

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

19 But, as an organization, as we
20 continue to evolve so as our strategic plan. In
21 front of you you have a copy. Our first goal is
22 really to focus around access and enablement.

1 Through this goal we want to be able to have diverse
2 businesses to seek to grow themselves into
3 sustainable enterprises by increasing access to
4 deeper industry and professional insight and skill
5 training.

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

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

18 Our second goal is to focus around our
19 community impact. Our intent is to drive awareness,
20 access, and positive economic impact in the
21 communities that we serve and serve as a key
22 incubating environment for new diverse businesses.

1 One of the ways that we will achieve
2 this is by developing a grant or scholarship program
3 to attend an advanced business program. This
4 program will be developed over the next three years
5 with the goal to award our first scholarship in
6 2019.

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

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

20 Our board approved our strategic plan
21 back in January and we've already made measurable
22 progress so far in 2017.

1 We have developed a prototype of our
2 database and mapping repository. We've obtain a
3 Certification 101 video and filmed our core
4 curriculum that will be made available to diverse
5 suppliers later in this year.

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

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

20 We plan to target businesses that were
21 identified during our gap analysis at our prime
22 partner institute event.

1 And then, finally, economic impact.
2 These strategic goals will help us drive business
3 diversity within our respective organizations and
4 also drive economic activity in our communities.

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

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

17 In closing, we recognize the immediate
18 and lasting impact that our spend is having on
19 communities here in the State of Illinois. I speak
20 on behalf of my fellow IUBDC board members when I
21 say that we are proud of our progress, our
22 dedication and our commitment to business

1 diversities has never been stronger.

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

7 CHAIRMAN SHEAHAN: Thank you, sir.

8 Any questions from the Commissioners.

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

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

19 MR. WILLIAMS: I'm not sure I would describe it
20 as a revelation, but, to your point, I think over
21 the last couple of years we have realized is each of
22 the respective utilities, first and foremost had a

1 commitment around business diversity. We just
2 hadn't had the level of coordination and consistency
3 in terms of the engagement among all the utilities.

4 One dynamic that I think that we
5 quickly realized that all of the utilities were
6 doing a lot. Some things that we were doing was
7 very consistent, other things that we were doing
8 that was very different.

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

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

22 It does seem to me that you are

1 collaborating and working together, and we have seen
2 a lot of consistency.

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

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

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

21 MR. WILLIAMS: So a couple things with respect to
22 that. One, we have made a concerted effort to

1 making sure that we were separating the small
2 business from FTD spend from our diverse spend for
3 reporting purposes.

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

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

19 We are certainly not where we would
20 like to be. We're much more further along in terms
21 of maturing that process in terms of where we were
22 several years ago.

1 COMMISSIONER MAYE EDWARDS: Thank you.

2 Thank you, Commissioner Rosales.

3 COMMISSIONER ROSALES: Always.

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

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

14 MR. WILLIAMS: Thank you.

15 CHAIRMAN SHEAHAN: Thank you, Commissioner.

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

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

22 If everyone would take their seats,

1 please. We will reconvene our session.

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

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

8 If you would join us, Representative
9 Evans.

10 REPRESENTATIVE EVANS: Thank you.

11 COMMISSIONER SHEAHAN: And the floor is yours.

12 PRESENTATION

13 BY

14 REPRESENTATIVE EVANS:

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

18 (laughter.)

19 Beginning my remarks and say good
20 afternoon and greetings from the people of the 33rd
21 District, and for those of you who don't know the
22 southeast side of Chicago of the 33rd District,

1 starting with the City of Chicago going all the way
2 out to Burnham, Calumet City, Lansing, and Sauk
3 Village.

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

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

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

19 It's always encouraging to see a piece
20 of legislation that has real positive and lasting
21 change for the people of our state and even more so
22 in the area as important as the one we are

1 discussing today. Embracing diversity positively
2 impacts our community and citizens.

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

11 CHAIRMAN SHEAHAN: Thank you, Representative.
12 Representative, we want to thank you for your
13 leadership as well.

14 REPRESENTATIVE EVANS: Thank you.

15 CHAIRMAN SHEAHAN: The report certainly is
16 important, but what we've heard this morning was the
17 report has also generated the investment of
18 literally hundreds of millions and billions of
19 dollars of new money in diverse businesses in
20 Illinois since its inception, so you really have a
21 lot to be proud of and we want to commend you for
22 your leadership.

1 REPRESENTATIVE EVANS: Thank you. I can say my
2 entire General Assembly, past members who voted on
3 the legislation like this, they all deserve the
4 credit. I'm just one person, but you all made it
5 happen. We voted on something and it's a pleasure
6 to come to the Commission and to go out and see that
7 you passed something with legislative intent and we
8 are being excited, so thank you so much.

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

15 CHAIRMAN SHEAHAN: Thank you.

16 COMMISSIONER MAYE EDWARDS: Thank you.

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

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

1 President and CEO of Coleman and Associates.

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

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

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

15 Danisha and Dr. Coleman.

16 PRESENTATION

17 BY

18 MS. HALL:

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

22 I also would like to thank our

1 Director of Diversity and Community Affairs, Taffy
2 Brokemon; Vanessa Gracia from our Public Affairs
3 team, and the entire Bureau of External Affairs for
4 all of the work they have done to make today's
5 policy session a possibility. In a moment, I will
6 have the pleasure to further introduce Dr. Coleman.

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

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

19 Through attending meetings, programs,
20 and events, we have established a lot of one-on-one
21 discussion. I think we really have established a
22 relationship that makes candid discussions possible,

1 solving problems possible, and really just helping
2 stakeholders as possible. That progress really
3 wouldn't be possible without a collaborative
4 relationship and a lot of hard work that we first
5 had.

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

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

17 The Commission supports diversity in a
18 way that I think is really first class in the nation
19 and we are proud of that so we have to stand on that
20 and continue those efforts forward. So we are happy
21 with the progress, but I think I can probably say we
22 all want to see more.

1 And if Commissioner de Valle were
2 here, I'm going to share some of his words because
3 he's I think the best when it comes to saying this
4 and having that balanced approach.

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

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

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

19 As a neutral, third-party expert,
20 Dr. Coleman has reviewed these 2016 reports and made
21 observations and recommendations that I think will
22 help us all think about solutions.

1 produced. They have produced very meaning results,
2 and I would also like to express appreciation to the
3 entire diversity staff that have worked in the
4 background in many cases, and other cases have been
5 up front, to help facilitate and drive the mission
6 and policies that these regulated utilities have
7 undertaken to achieve the results that they have.

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

16 (slide presentation.)

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

21 Next slide, please. So that is
22 Danisha's share. I'm here to provide an independent

1 evaluation and feedback and just a little bit of in
2 terms of my background so that I guess in one form
3 or another my role as a subject matter expert can be
4 validated.

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

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

19 We know that we talked about these
20 five regulated utilities and so we can jump right
21 into what the assessment is, and let me just start
22 by saying, first of all, this is an overall

1 assessment. It's not an assessment that is pointing
2 fingers at any one utility or another.

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

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

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

18 So the dashboard. A couple of the
19 reports had very good dashboards, and I think going
20 forward that this dashboard that gives you a quick
21 one-page snapshot of the achievements, their spend,
22 notable improvements that they have made, is a very

1 good tool to have for each of the reports, and I
2 will just note that two of the five utilizes
3 dashboards, so the dashboard I think is a good thing
4 going forward.

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

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

16 The significant year-over-year actual
17 spend, and this is real -- each of the utilities
18 have very significant year-over-year actual spend
19 and four of the five utilities, however, in terms of
20 increasing their actual spend, it was achieved
21 through the WBE certification category as opposed to
22 the MBE or BBE certification category.

1 That's a problem and that's an issue
2 that I think needs to be addressed, and I will have
3 some suggestions about that going forward.

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

13 Next slide, please. In terms of
14 notable achievements, high level of spend what's
15 going on with diverse vendors, typically at the
16 beginning of many of the reports, and that was a
17 requirement from 5-117 to specifically spell out how
18 much money and what percentage of that was with
19 Illinois diverse vendors and, by in large, all of
20 the utilities did that extremely well, and only one
21 utility did not meet the relative average of
22 84 percent spend of Illinois' diverse vendors.

1 Tier two spend increase significant
2 and trending upward. I think this is something
3 again that the Commissioners asked for and what it
4 was specific reporting on.

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

10 Tier one non-diverse prime, tier two
11 diversity utilization plan, again, the utilities
12 got this message that, hey, you need to start
13 thinking about, and putting on paper, and
14 actualizing a tier one non-diverse prime tier, tier
15 two diverse utilization plan; in other words, what's
16 your plan to have diverse vendors as part of your
17 overall large contract prime vendor for that
18 utility, and it needs improvement speaks to only one
19 utility fully stated very specific goals in terms of
20 what level of spend they expected with their tier
21 one non-diverse prime vendors, and other utilities
22 strongly encourage a tier two diversity utilization

1 plan or lack, what I would call, teeth in terms of
2 having a process to either reduce spend with that 10
3 tier one non-diverse prime or to remove the contract
4 from that tier one non-diverse prime.

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

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

20 So the needs improvement portion to
21 that is to define and state outcomes from special
22 initiatives that the utilities did identify that

1 they were going to be undertaking in 2017 and
2 beyond, but to really be clear about what is their
3 mentoring program, what is that really going to
4 consist of, there are many effective examples of
5 mentoring programs that make a significant
6 difference to diverse businesses and what are going
7 to be the focus business development activities.

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

17 So to the recommendations from the
18 observations that I have made, the assessments
19 through the normal achievements and needs
20 improvement, the first bullet is suggesting that
21 that there be a uniform and consistent set of
22 definitions for each certifying category, and

1 some of the utility reports I found that to be an
2 issue, that there was not a clear, definitive,
3 uniform set of definitions for a certain case and
4 category, and I think with the IUBDC and their work
5 they can easily come to some assistance on that.

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

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

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

21 The next bullet is in regard to
22 providing information on how most products and

1 services are procured, and I put in parenthesis
2 competitive.

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

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

20 The next bullet is speaking to total
21 eligible spend dollars and outset of spend
22 discussion reporting.

1 COMMISSIONER ROSALES: Can you explain that again
2 because as a businessman I want to make sure that we
3 are looking at that, so the best value versus
4 competitive bidding.

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

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

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

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

22 For best value within fields like real

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

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

22 Several of the utilities clearly

1 indicate that, hey, our total eligible spend was a
2 billion dollar or \$900 million. In some cases that
3 was not stated forthrightly.

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

13 When you dig into the data, and the
14 tables, and the appendix that the Commissioners
15 requested, and sometimes within the tables of that
16 specific group within the report as well, you could
17 clearly pull out or tease out the fact that spend
18 categories were increasing, but, as I mentioned
19 earlier, either increasing with WBEs or increasing
20 with SBEs but not with minority diverse firms, and
21 so in some cases there were even negative trends
22 reported that was teased out in the data.

1 So what I'm suggesting here is that
2 their data is clearly telling me that if I can walk
3 in and see that, then they need to be forthright and
4 upright in saying we had this reversal or we had
5 this increase in spend with these other categories
6 and groups and this is why, or this is where this is
7 coming from, or this is the products and services
8 that this is being driven from. In some cases I can
9 link all of that together and other cases I could
10 not link all of that together.

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

16 It is really speaking to -- first of
17 all, be clear with your tier one non-diverse vendors
18 what your expectations are in terms of their spend
19 utilization, what goals are you setting for them,
20 and express those goals in such a way that you don't
21 end up with overutilization of one category of
22 diverse versus another.

1 And the last bullet point I will
2 mention here, and this is in one of the diversity
3 reports, and that is to perform audits on tier two
4 utilization, certification, and spend.

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

14 In summary --

15 COMMISSIONER ROSALES: And who would own that?

16 DR. COLEMAN: I'm sorry?

17 COMMISSIONER ROSALES: Who would own that?

18 DR. COLEMAN: Who would own that issue?

19 COMMISSIONER ROSALES: In terms of those audits.

20 DR. COLEMAN: To do those audits, yes. The
21 primes who work for the utility companies have a
22 responsibility to do those audits, as well as the

1 utility companies themselves, have some level of
2 responsibility to do those audits.

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

12 In terms of summary, significant
13 progress has been made by all the utilities since
14 2014 and 2015 in their diversity utilization and
15 spend inclusion, and significant progress means that
16 there's been significant real year-over-year actual
17 spend dollars achieved.

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

22 Sure someone can sit here and give you

1 the significant achievements, the notable
2 achievements, and the improvements, but does that
3 really tell you where the vendors are at, where the
4 utilities are at, and so thinking through this, I'm
5 proposing a methodology to sort of translate this
6 qualitative expectations, some of these expectations
7 are qualitative, and the quantitative performance
8 data until a rating and ranking methodology, and
9 that's what I'm going to be talking about in the
10 next set of slides.

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

15 Next slide, please. So the criteria
16 if I look at Section 5-117 and I look at your
17 request, this follows directly from Section 5-117's
18 annual request. They were the same requests in
19 large capital programs, diversity utilization
20 requests, and tier one prime supplier requirements
21 to use diverse tier two as a request. The top three
22 bullets are all embedded within Section 5-117.

1 So it's not unreasonable to suggest
2 that this is the criteria that we really ought to be
3 looking at rating and ranking some of these utility
4 firms with.

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

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

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

22 So you could look at clarity and

1 probably see the methodology and say, well, how did
2 Utility Vendor A do on that and give them a rating.

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

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

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

15 So if it's there, it's not well
16 organized. Is that a three or a four? If it's not
17 there, well, then probably that means it's a one,
18 but in all of our cases we've seen that Appendix A
19 is there, so we are really talking about applying
20 some form of evaluation for that Appendix A based on
21 was it clear, was it best practice, et cetera, et
22 cetera, and so -- but the ICC and IUBDC needs to

1 come together on that and say this is what we mean
2 and this is what a five looks like, this is what a
3 four looks like, this is what a three looks like.

4 Application of tighter reporting
5 formats -- sorry.

6 (A brief interruption.)

7 Application of tighter reporting
8 formatting requirements for best practice and
9 recommendations. That's just really saying that the
10 outline of what follows what could be a little bit
11 more consistent. It's pretty decent, but it could
12 be consistent.

13 The Commission and IUBDC consensus
14 on conversion on 5-117 and requests into criteria,
15 IUBDC may not agree with those criteria that I
16 mentioned that's part of Section 5-117 as a request.
17 They may say what about this level of effort and
18 this is energy that we put into something. Why
19 shouldn't we be rated on that as well, and that may
20 be fair, but that has to come through meaningful
21 discussion with the Commission and some consensus on
22 that.

1 Obviously, there has to be consensus
2 on the scoring and evaluation content, meaning,
3 again, what constitutes a five? What constitutes a
4 four? What constitutes a three?

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

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

20 And in terms of a minimum value there,
21 the expectation may be that there's a line that goes
22 across maybe a 25 and we all want our five utilities

1 to be at roughly an average of 25 or it may be some
2 other number, I don't know, but clearly it gives you
3 that ability to take a look at how all the utilities
4 are doing in a very quick snapshot to say, hey,
5 everybody's doing pretty good. We can feel pretty
6 good about ourselves and they can feel pretty good
7 about ourselves, but in some years there may be
8 special circumstances where a utility may not be
9 able to score in a very high level for whatever
10 reason.

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

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

21 ACTING COMMISSIONER OLIVA: Thank you, Danisha
22 and Dr. Coleman.

1 Commissioners, any questions?

2 COMMISSIONER ROSALES: Sure.

3 (laughter.)

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

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

15 The second part on the rating scale,
16 and you mentioned about if a diverse business was
17 bought out, I'm a little queasy on the rating scale.
18 again, as a former businessman, if there's a
19 contract for \$20 million and you decide to break it
20 up and help out these small businesses and make it
21 \$5 million each, one of them doesn't come through,
22 your numbers are now down 25 percent, and so now

1 you're rated poorly when you are actually trying to
2 do something good in the community. That concerns
3 me when you get a rating and you are actually trying
4 to do well. I would like -- we need this
5 uniformity. We can't go through this again.

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

13 COMMISSIONER MAYE EDWARDS: Actually my question
14 is in the spirit of putting the title on, so I would
15 ask can you answer both together. Thank you.
16 Fantastic report. I appreciate it, Doctor. I
17 appreciate your hard work.

18 Another point is that we do have the
19 legislation. We have 5-117, which is significant;
20 however, our hands are tied quite a bit because at
21 the Commission there aren't necessarily no mandates,
22 so we have requested numerous times in the past for

1 uniformity, particularly as it relates to the
2 definitions which you have stated on your first
3 presented slides.

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

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

17 So if you use a rating scale like
18 that, you know maybe they don't get -- and,
19 obviously, they wouldn't get maybe a 30 for whatever
20 that category that that falls in, but they start to
21 lose points and then part of the explanation has to
22 be why you are losing it, and so I think it's

1 clearly something that is achievable. It's
2 something that has to be discussed in partnership
3 with IUBDC to help them understand what the problems
4 are with those kinds of issues so that they come to
5 a better point in terms of how they recognize it,
6 and how they deal with it, and how they respond to
7 it. It shouldn't be -- some of these things are not
8 issues that are now I would consider valid to push
9 back.

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

16 There has to be an understanding of
17 reality with respect to the way in which the
18 business world works in that those things are going
19 to happen and that the utilities have the ability to
20 express that, to state that, to write that, and say
21 this is what happens and reasonable people will come
22 to a reasonable understanding of what that means and

1 what it meant in terms of their numbers.

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

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

13 DR. COLEMAN: My opinion is that it should not,
14 and one of the utility's reports I was very
15 surprised to see firms that I know from my other
16 roles with the Department of Transportation and the
17 State Toll Highway Authority, firms and small
18 businesses that, yes, they may meet the SBA small
19 business size, but the firm's been in existence for
20 40 years and they know what they've been doing and
21 they're owned by a majority male and would not
22 utilize minority partners. Okay.

1 So I would have, you know, serious
2 heartburn with continuing to utilize SBEs, if you
3 will, as part of the diversity count.

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

15 COMMISSIONER MAYE EDWARDS: I think that's my
16 point. The point is when we're dissecting the
17 reports and seeing the broader numbers up front,
18 we're kind of flabbergasted. Oh, my God. We are
19 really moving forward, then you take out your
20 calculator and you really start doing the math, not
21 so much because 50 percent of this is an SBE, and I
22 think that's problematic in the sense I did

1 appreciate they were separate. That was definitely
2 progressive, and I look to highlight that, but for
3 the broad number they just seemed overinflated that
4 there were small businesses included.

5 DR. COLEMAN: I would agree with that.

6 ACTING COMMISSIONER OLIVA: Any other questions?

7 (No response.)

8 Thank you, again, Dr. Coleman.

9 DR. COLEMAN: Thank you.

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

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

15 MR. MARK: Good afternoon.

16 COMMISSIONER MAYE EDWARDS: Good afternoon.

17 PRESENTATION

18 BY

19 MR. MARK:

20 Good afternoon. Thank you,
21 Mr. Chairman and Commissioners, for the opportunity
22 to be here today. I did not bring a powerpoint

1 presentation. You have our reports. I thought what
2 I would do is try to engage by identifying about a
3 diversity inclusion program for suppliers at
4 Ameren Illinois and just highlight.

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

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

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

22 You know, we were very, very happy

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

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

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

21 So we have a steering committee and
22 individuals from each of those divisions are made

1 up. The whole purpose of that is to really drive
2 down the trends that the visibility and the
3 accountability for diverse spend to the local level.
4 That's where a lot of spend takes place, and that's
5 kind of hard to manage spend in Galesburg say and
6 Collinsville. It is hard to look at Ameren Illinois
7 from Springfield.

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

11 So each of the divisions -- so I have
12 a handout that talks a little bit about our diverse
13 steering committee, but each of those
14 representatives look at all of these major contracts
15 before they're awarded, and, in fact, they're being
16 the origin of where those costs for those programs
17 are coming from, they know about what projects are
18 taking place and they're going to have to put out
19 for bid next year before they even bid, and so we
20 will start with that and kind of help our supplier
21 diversity team start looking for suppliers in the
22 area that we may not have -- maybe we have a new

1 project.

2 For example, next year we have several
3 building projects that are going to take place. We
4 haven't had that kind of building project in the
5 past, so we're having advanced knowledge of that
6 through the steering committee. The steering
7 committee could then work with our strategic source
8 folks to try to bring along and get qualifying
9 vendors and minority contractors can work in that
10 area.

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

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

1 and he attended that program.

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

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

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

19 Another challenge that we see in the
20 future is really cyber security. Our legal team is
21 reviewing all of our contracts for all suppliers
22 across the board and putting requirements in there

1 to meet certain criteria and have certain
2 requirements to protect us against cyber attacks and
3 to make sure that our company is also protected
4 against cyber attacks, and reviewing what type of
5 issues and other types of programs they have in
6 place.

7 We think that's going to be a
8 challenge for not -- we find that the challenges are
9 for some of our largest contractors, not even
10 talking about some of the diverse contractors.

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

19 The other thing we are going to do for
20 all of our vendors across the board is our legal
21 department is going to be working on educating and
22 providing some educational sessions for all our

1 contractors, including our diverse companies, about
2 cyber security because not only will we protect
3 their assets but also to protect the information
4 that often we were sharing with them, and so that's
5 a definite challenge for the future, and we're
6 currently trying to address and be proactive.

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

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

1 two suppliers for us.

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

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

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

18 We're really looking at getting some
19 of these energy efficiency jobs that would be
20 created in the new programs and services that we're
21 about to offer, so we're offering scholarships for
22 those programs.

1 As we work out some of the details
2 with this community college, our plan is to
3 basically when it starts to work successfully then
4 duplicate that throughout our service territory for
5 new jobs and new employment opportunities we see for
6 diverse candidates throughout our service territory.

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

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

1 So we look forward to that partnership
2 and working with you and building momentum that we
3 have and building that momentum for the future.

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

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

15 MR. MARK: Well, we start off with coaching. We
16 have expressed our concern and our expectations it
17 brings diversity to suppliers. We have talked to
18 them each individually and the business supplier
19 steering committee they actually work with each of
20 those contractors as they come in to talk to them
21 about their tier two spend. We monitor it and, you
22 know, if they don't meet that spend, we go through a

1 counseling and coaching session and ultimately
2 they're told and if they cannot or will not, you
3 know, abide by it, we'll have to find another tier
4 one theme.

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

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

22 MR. MARK: You know, it's really not a struggle.

1 I mean, we have some shared services and some
2 blend-overs.

3 Actually from my office I can see the
4 Arch, so, you know, sometimes there's companies
5 they're both on each side that blend over into the
6 St. Louis area with southwestern Illinois. But, no,
7 we -- you know, we do not get into push back from
8 the parent company about utilizing certain vendors.

9 We understand -- I think we all
10 understand and we respect the fact that utilities,
11 especially regulated utilities, operate in states
12 and we even supported the states that we operate in,
13 and Missouri has a similar role. They have some
14 Illinois vendors that work there, but they also
15 believe in supporting the Missouri vendors, so we
16 have a good understanding of that, and it's never
17 been challenged.

18 COMMISSIONER MAYE EDWARDS: I recently had a
19 conversation with Commissioner Coleman that they
20 were a part of (sic) and I told her I beg to differ.

21 MR. MARK: I know Commissioner Coleman very well.

22 COMMISSIONER MAYE EDWARDS: Thank you very much.

1 If there are no more questions -- yes.

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

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

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

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

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

22 For example, we will give vegetation

1 management, so they were thinking that they should
2 bring a tier two in for some vegetation management
3 services similar to what they're already doing.
4 They didn't think about what some opportunities may
5 be to bring in some tier two vendors to provide
6 services to them to help them better provide the
7 services to us.

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

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

20 COMMISSIONER ROSALES: Thank you.

21 COMMISSIONER MAYE EDWARDS: Thank you, Mr. Marks,
22 for your presentation.

1 I now have the pleasure to introduce
2 Anne Pramaggiore.

3 PRESENTATION

4 BY

5 MS. PRAMAGGIORE:

6 It takes a team. I need some help
7 today.

8 (laughter.)

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

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

22 Joining me today is Michelle Blaise,

1 our Senior Vice President of Technical Services, and
2 she's going to go into greater detail about how
3 we're helping diverse businesses join the ranks of
4 ComEd, particularly in the construction area,
5 including through programs like Chicago United Five
6 Forward.

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

17 The program will begin in the
18 regulatory arena, and we've asked our established
19 law firms, our three mentors, a couple of small
20 minority firms, to bring them up to speed on
21 regulatory issues, and Veronica will cover that for
22 you.

1 key to meeting our evolving customer expectations,
2 interests, and enhancing their economic impact is
3 one of the most important things that we can do to
4 support our communities.

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

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

14 ComEd has achieved a 362 percent
15 increase in diverse spend since we began the Smart
16 Grid Program. This means in 2011 our diverse spend
17 was \$177 million; in 2016 it was \$777 million, and I
18 would add that in 2016 654 million or
19 8 percent of that first spend was in Illinois.
20 In 2011, 18 percent of our supply spend was with
21 diverse supplier, and 2016 it was 33 percent.

22 We are nearing the completion of the

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

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

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

22 Richard referenced a future Energy

1 Jobs Act that was passed just this December, and we
2 are looking to really use that as a platform for
3 growth as we go forward, and there's a couple of
4 programs we started to scope out our goals as we go
5 forward.

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

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

17 On the energy efficiency side, this is
18 an area where I think there's tremendous
19 opportunity. We are going to select three to five
20 small diverse firms that we'll mentor and develop as
21 an implementation contractor using the Five Forward
22 platform that we have used before and we're going to

1 work with Elevate Energy and put in place to develop
2 a program to train diverse trade allies.

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

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

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

18 We are going to commit to a diverse
19 goal with respect to that -- that facility and
20 targeting -- you know, try to replicate what we did
21 with the training center or something in that range.
22 So the precise goal is not there yet but we look to

1 do on the training center.

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

7 In fact, in the last year we've added
8 about 132 new businesses. We totalled somewhere in
9 the range of 550 diverse businesses we work with, so
10 132 is a pretty significant move in the last year.
11 So we constantly scour the landscape for new
12 spending and look to create opportunities.

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

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

21 And, finally, creating opportunities
22 for diverse suppliers is embedded in what we do, the

1 way we run our business, and our executives have
2 goals that they are expected to reach and their
3 performance is reviewed according to these goals, so
4 we have widespread accountability for these kinds of
5 results.

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

9 MS. BLAISE: Thank you, Anne.

10 PRESENTATION

11 BY

12 MS. BLAISE:

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

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

18 Now I would like to take a few minutes
19 to talk about what we're doing beyond the spend to
20 create opportunities for diverse suppliers and
21 support the transition into sustainable business
22 enterprises.

1 ComEd has worked for decades to mentor
2 and develop MWBE organizations. We are a founding
3 member of Chicago United, which has worked in
4 support of supplier diversity for over 40 years. We
5 are one of the charter members of the Chicago United
6 Five Forward Program.

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

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

18 So it really requires open dialogue,
19 ongoing dialogue, goal setting and building
20 capability of these MWBE firms. Five Forward
21 corporate members, like ComEd, commit to doing
22 business with five local minority firms over five

1 years, and then these five companies might not sound
2 like a big number to some of you, but I urge you to
3 reconsider.

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

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

19 As these companies become sustainable
20 and they grow sustainable businesses, their all
21 diverse employee spaces grow and further enhance the
22 contribution that these companies can make to the

1 economic vitality of their communities, including
2 volunteerism and sports or political charities.

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

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

15 This partnership with EDI is really a
16 model for the Five Forward Program. We started the
17 Five Forward Program in 2015, and through working
18 with them directly and helping them understand our
19 needs and also understanding their capabilities and
20 matching the two where we can, insuring that they
21 were aware of sourcing events that we had where they
22 might be able to partner with prime contractors in

1 the environmental area as well as assigning them
2 small projects that they can take on to build their
3 capabilities.

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

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

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

19 And then another accomplishment I want
20 to highlight is they were awarded our ComEd's
21 President's Award back in April and it was really in
22 recognition of their extraordinary project

1 performance related to upgrading, supporting, and
2 upgrading the security project that we had over 20
3 of our substations.

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

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

20 The next thing is we see only growing
21 are networks of partnerships playing a key role in
22 the efforts of diverse suppliers to build capacity.

1 services piece of that for ComEd and for Exelon.

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

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

13 As part of the program, we track
14 monthly the amount of legal spend with diverse
15 timekeepers at the majority law firms and we break
16 it down by attorney role, so partner, associate.
17 That allows us to insure that the firm's
18 utilization, engagement of diverse attorneys is
19 meaningful, that it will lead to their advancement
20 within their firm within the profession, that it
21 will feed the development of the next generation of
22 diverse attorneys and enable contributions by the

1 diverse attorneys at the highest level of case
2 strategy, not just in terms of roles.

3 Our firms track and report annually
4 to our legal department on their overall diversity
5 performance, both for metrics, as well as the
6 organization, on matters relating to ComEd and
7 Exelon, and we recognize top performing firms
8 through an annual diversity honor roll that further
9 incentivize firms to hire diverse attorneys.
10 Consistently more than 30 percent of preferred
11 majority law firm spend has been with diverse
12 timekeepers.

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

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

1 1.3 million with those firms.

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

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

19 Both MWBE firms will work alongside
20 long-standing established firms, such as Rooney,
21 Rippie & Ratnaswamy, and we want to recognize and
22 applaud those firms that meet the commitment for

1 partnering with us on this program. Give me one
2 second.

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

6 (show of hands.)

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

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

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

20 Second, the participating firms will
21 be the result of studies consisting of core and
22 fundamental must reads to understand the regulatory

1 landscape, for example, the Energy Jobs Act, as well
2 as the material that focuses on utility
3 infrastructure, cost of service, and, of course,
4 structure and procedures here at the Commission,
5 which may not be familiar to firms that have not
6 been in practice in that area.

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

14 The fourth piece is we're assigning an
15 independent mentor to each of the firms and minority
16 lawyers that are being sort of trained here and
17 brought along someone that they could go to in
18 confidence to ask questions, seek guidance, not to
19 the client, not confirming that their partner is
20 already experienced, but somebody where they can
21 really get just the kind of support that they need.
22 We think that that's going to add a lot to the

1 process.

2 So our goal is to educate and develop
3 regulatory attorneys of color at MWBE certified law
4 firms who will help create a pipeline for other
5 attorneys of color to join those firms, grow in
6 their capacity to do work, to work for other
7 stakeholders in our industry, and advance their
8 profession in these areas.

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

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

19 So I'm happy to say, as I said, that
20 our partners are all here with us today, and thank
21 you very much for letting me share this with the
22 Commission.

1 Now I'll turn over to Ozzie.

2 PRESENTATION

3 BY

4 MR. GODINEZ:

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

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

22 Odds are if you have seen a TV spot or

1 a billboard, ComEd TV spot, ComEd billboard, and
2 even a movie trailer, we probably worked with the
3 ComEd team to produce that.

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

11 We started as a Hispanic focus shop.
12 Our work has since evolved with ComEd. We really do
13 provide services beyond just educating Hispanic
14 consumers. We are actually now doing what we would
15 call full services and have become a tier one
16 supplier more or less for the last five years, and
17 so the scope of services have grown, the amount of
18 exposure that we were able to actually have as a
19 result of working we have produced for some of our
20 earlier programs have afforded us the opportunity to
21 work with a wider variety of members at the ComEd
22 side.

1 So for us what's happened is this sort
2 of nurturing process in terms of taking advantage
3 and fully working with the ComEd team to grow our
4 business, because we were able to take -- we started
5 basically our work with ComEd with 20 folks on my
6 team. We are now almost 50.

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

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

22 The other thing that's really

1 interesting for us is culture and diversity is part
2 of the DNA of who we are. If you go to our website,
3 I'd like to say we are like the United Nations of
4 advertising agencies.

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

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

17 So, you know, this sort of evolution
18 over the last five years has happened pretty
19 quickly, but, you know, for us it's been an awesome
20 experience, and, as an entrepreneur, I kind of don't
21 know a lot, so I think we've worked really well with
22 our ComEd folks to sort of help and push us along

1 really and help grow our business in a way that's
2 been very tangible and rewarding to the community as
3 a whole.

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

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

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

18 MS. PRAMAGGIORE: That's just what happens
19 here. I think, you know, when I look at our spend
20 it's rated for a day and it's probably 54 percent
21 WBE and 45-ish minority spend, and the minority is
22 largely split between Hispanic and African Americans

1 a little variation of a spend about 2 percent, and
2 that's really just the way it evolved.

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

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

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

18 MS. PRAMAGGIORE: Yes. I think what we have to
19 do is -- so our spend will come down. It's about --
20 last year it was about 2.6 billion in capital
21 expenditures. This year it's going to be about 2.2.
22 It starts to plateau at about 1.8 and that's what we

1 see over the next few years in that range, so it's
2 not -- it's a drop. It's not as dramatic as you
3 might think.

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

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

21 Our goal this year is 36 percent, move
22 from 33 to 36, and make sure we're getting into

1 areas where there's opportunities where we've seen,
2 you know, a lack of diverse firms and then also to
3 move with some of the more innovative projects to
4 open the door there. I think that in a nutshell is
5 how we're going about it.

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

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

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

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

22 So when we have a new engagement that

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

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

21 It's important to us to see people put
22 on a team that works for us to continue to progress,

1 grow, learn, make partner, start their own firm, you
2 know, all the things that are in our profession are
3 people's aspirations to define success within the
4 profession.

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

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

1 of the day, we're very active and we're very
2 deliberate about it.

3 COMMISSIONER MAYE EDWARDS: That's fabulous.
4 Everybody of diversity, you know, and everyone's
5 walking the walk, and that's really a significant
6 way to appreciate it, particularly in the legal side
7 of things we don't see that often, and, you know, I
8 think it's really one of the best things to come out
9 of this. I'm surprised we don't see policy formed
10 in best practice sharing.

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

15 MS. GOMEZ: We don't -- well, we have really
16 willing, committed partners, which we think is
17 terrific, obviously, some of that, because we now
18 have a stable of law firm partners that know us as a
19 company and understand our priorities. We know it's
20 good for business, the same business they make for
21 themselves. It's a commitment to value that we
22 share, and so there's no elections at all, but we

1 recognize it is a commitment, a real commitment of
2 time and resources, so we appreciate it. We work
3 with firms -- and really the kind of comment that
4 Anne was talking about how important it is the
5 support we get from the Commission how that helps us
6 in our own work.

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

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

20 So, you know, what's in it for the
21 partners that are helping to bring along different
22 firms that at the end of the day things are -- all

1 those things help move us all forward and have the
2 same value that's important to us.

3 COMMISSIONER MAYE EDWARDS: Okay. That was five
4 questions.

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

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

10 MR. GODINEZ: No.

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

13 MR. GODINEZ: I subbed for Leo Burnett.

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

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

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

21 They get a little intimidating when
22 you come out with tier twos and they become tier one

1 and become, as you said, full service, whereas,
2 their job was full service, and some places are much
3 more solid than others, but marketing tends to be a
4 little bit more nervous about that. I appreciate
5 your saying that.

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

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

15 MS. PRAMAGGIORE: Again, I think there's a
16 couple of -- I think we are more and more focused on
17 the professional services, and we have heard you.

18 There's been I think some progress I
19 will say on our pension fund. Again, this is at the
20 Exelon level. They get the message through. We've
21 got about \$2 billion in assets that are managed.
22 eighteen (sic) percent of that is with the American

1 Funds.

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

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

17 What we will often do when a firm
18 comes to me is I refer them to a couple of places,
19 one is MyOwnCfojenniferbit and then Jack Thayer, the
20 Exelon CFO, to make sure that they get a hearing and
21 they're constantly looking for opportunities to
22 build that credit facility. That's one way to do

1 it, also, looking for other opportunities in areas
2 like managing pension assets or, you know, other
3 sorts of capital needs.

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

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

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

16 MS. PRAMAGGIORE: And what I might suggest as a
17 starting point is we could break down for you all
18 the different financial requirements that we have,
19 so we have pension dollars, we have credit
20 facilities, we have, you know, different --
21 different sorts of capital needs. We go to the fed
22 market. We could start by laying out for you what

1 those different financial needs are and, you know,
2 sort of take a look at what that is.

3 I've got a little bit of a breakdown
4 in -- Exelon puts out their annual report. It is
5 just about there. You know, one of them is a
6 Certificate of Deposit in an area we have got about
7 \$28 million in that, credit facilities 129 million,
8 and I mentioned \$2 billion under management in our
9 pension fund.

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

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

16 MS. PRAMAGGIORE: You bet.

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

19 MS. PRAMAGGIORE: Thank you.

20 COMMISSIONER MAYE EDWARDS: Thank you.

21 COMMISSIONER ROSALES: Next is we are going to
22 ask Bruce Hauk, President of Illinois American

1 Water. Bruce, would you come up.

2 Would everybody get out of the way of

3 Bruce, please. Thank you.

4 Bruce.

5 (slide presentation.)

6 PRESENTATION

7 BY

8 MR. HAUK:

9 Good afternoon --

10 COMMISSIONER MAYE EDWARDS: Good afternoon.

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

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

20 On Slide 2 you will see not only did I
21 serve as President of Illinois American Water, I
22 served on a six member investment committee for

1 American Water's parent company, and most recently
2 in June of 2017 we were able to change from fund
3 manager to a portfolio managing a hundred million
4 dollars of retirement and pension funds, so we're
5 very excited about that. That represents about
6 80 percent of our total portfolio, so we are excited
7 about that.

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

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

20 Over the last three years we have
21 significantly improved hiring internally and
22 externally. In 2015, 67 percent of our external

1 hires were diverse; in 2016, 58 percent, so we're
2 very proud of that and will continue that journey.

3 As Commissioner Rosales said, it's all
4 about the numbers, so let's talk about the numbers.

5 In 2017 or 16, \$41.8 million of total spend
6 diversified.

7 In this session I heard the importance
8 of how much of that spend is localized in the State
9 of Illinois and I went back to do the math on that.
10 91 percent of that 41 million 38.1 million was with
11 certified vendors in Illinois.

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

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

22 We require and are bidding that

1 25 percent of the contracts awarded have diversified
2 spend and moving forward we are going to require
3 that 10 percent in that 25 percent be MBEs, so
4 that's our strategy as we laid out our strategic
5 plan for this report out.

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

8 COMMISSIONER MAYE EDWARDS: That's fabulous.
9 Thank you.

10 MR. HAUK: Thank you.

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

14 PRESENTATION

15 BY

16 MR. WILLIAMS:

17 Good afternoon. I'll forgo the
18 introductions since this is my second bite at the
19 apple today, and I'm going to be very brief. In
20 fact, I'll start by saying everything we are doing
21 is not reflective in either our reporting or this
22 overview, and we welcome the opportunity, as we have

1 said last year, to engage in a meaningful dialogue
2 around the structure, around the reporting, the
3 content to consistency, the measurement, and we look
4 forward to facilitating that or incorporating that
5 as part of our overall MBE strategy.

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

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

20 I know you've heard a lot of dialogue
21 around both the challenges and opportunities and a
22 number of different dynamics associated with this

1 path that we are on around continuing to advance
2 this mission.

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

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

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

21 Now while these are certainly not
22 realistic, they're very much real, and so those are

1 the things I think, once again, that we collectively
2 need to insure that we remain engaged in dialogue to
3 insure that the fundamental understanding from all
4 the stakeholders in terms of how those play out in
5 the organization and what we can do collectively to
6 insure that we are on the path of addressing those
7 so that we can insure sustainable progress. That's
8 my off-the-script comment by the way.

9 Nicor Gas over the last couple of
10 years, last year, in fact, \$146 million spend in
11 minority women and veteran-owned spend which is
12 26 percent of our overall eligible spends. It's
13 21 percent over 2015, and I'll make a comment about
14 that as well.

15 While we've made sustainable progress
16 in this area, in fact, over the last four years we
17 have gone from a spend of about 4 percent,
18 \$8 million in five years -- 8 million to about 26
19 percent \$146 million, but it's not necessarily a
20 linear progression in terms of how that spend will
21 occur over the next two to five years.

22 Again, I will welcome the opportunity

1 as we perhaps have an opportunity to talk more about
2 that.

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

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

14 I'll talk a little bit about the
15 strategic plan. I'll only hit on just a couple of
16 quick points with respect to that. We are
17 continuing to evaluate our diverse pipeline and
18 seeking to develop stable relationships through our
19 sourcing process, so this is not about bringing
20 dozens and dozens of partners into our business.
21 It's about creating strategic alliances that become
22 sustainable over time.

1 In fact, I said, and I'll continue to
2 say, it's our mission really to create those
3 strategic alliances that will know how to be able to
4 do business with Nicor but at some point they will
5 outgrow Nicor in terms of being able to do business
6 in much smaller markets, so we have seen some
7 successes around that.

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

14 Secondly, we continue to work with our
15 primary partners. I know there's been a lot of
16 discussions around that, and we work very closely
17 with our prime partners and all our prime partner
18 pipeline, so we engage, particularly our top ten
19 prime partners, in terms of not only insuring that
20 they are going to have our business imperative, that
21 they have a fundamental understanding of what our
22 goals are.

1 Our expectations five years ago when
2 we started this was that we weren't necessarily
3 starting them on track with a mandate in terms of
4 performance but our expectation was that they'll
5 continue to go in the same manner that we do.

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

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

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

21 We will continue to review that to
22 insure that those expectations alone not only what

1 we have said set as a bar for our RPF that we are
2 consistent with what the expectations are.

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

10 CHAIRMAN SHEAHAN: Any questions for
11 Mr. Williams?

12 (No response.)

13 Thank you, sir. That was great.

14 Our final utility vendor is Charles
15 Matthews. Charles.

16 PRESENTATION

17 BY

18 MR. MATTHEWS:

19 Thank you, Chairman. Good afternoon,
20 Commissioners. Exactly where I want to be. I'm
21 going to sit here because I hate to be sitting next
22 to the door and be the last speaker. I got a

1 feeling there's going to be a beeline for that door
2 here shortly.

3 Let me also thank all of you.

4 COMMISSIONER ROSALES: We have a round table.

5 (laughter.)

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

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

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

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

20 I have with me Jennifer Morrison, who is the brains
21 behind this operation. She's our supplier diversity
22 manager for Peoples Gas and North Shore Gas.

1 The reason I feel compelled to go
2 through some slides, because I remember vividly last
3 year I communicated that we were building a
4 foundation for sustainable and viable supply
5 diversity initiatives, or SDI, and that our
6 rebuilding process was on the heels of losing a
7 major DBE supplier that accounted for 43 percent of
8 our spend.

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

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

18 In 2016, 17.8 percent of our total
19 procurement spending went to diverse suppliers.
20 This exceeded our goal of 17.3 percent. The
21 approximately \$70 million of spend represents an
22 increase of \$11.7 million over our 2015 actual

1 spend.

2 When adjusted for the contractor that
3 is no longer part of our SDI program, our results
4 are showing consistent growth over the last four
5 years, and I think this is what Dr. Coleman talked
6 about going in and looking at the trends, and we're
7 very pleased with that trend.

8 The best indicator of our progress is
9 the MBE results. \$47 million of our approximately
10 \$70 million spend in 2016 went to MBEs. This
11 represented 67 percent of our diverse spend. We
12 spent six times what we spent in 2013 and nearly
13 double the spend in 2015.

14 Professional services spend of
15 16.7 million represented an increase of
16 approximately a hundred percent over 2015 results.
17 The growth was primarily in the areas of engineering
18 and consulting services.

19 We will continue to highlight
20 opportunities for growth at our supplier diversity
21 symposium on July 25 where we'll discuss our five
22 year plan for the procurement of professional

1 services.

2 Last year I talked about the
3 importance of increasing our secondary target from
4 5 percent to 20 percent. In 2016 our prime
5 suppliers achieved an average of 14.4 percent tier
6 two spend. This resulted in tier two spend of
7 approximately \$31 million, an increase of \$7 million
8 over 2015.

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

15 I will talk about some broader
16 challenges in the next slide, but let me say up
17 front, and maybe I shouldn't say up front and maybe
18 I should change this, but our biggest category
19 challenge is in the area of WBEs, and I'm thinking
20 about changing some of the words from Dr. Coleman,
21 but spend for minority women increased by 3 million
22 in 2016.

1 The approximately 22 million spend
2 with non-minority women represented a \$10 million
3 decrease from 2015. Going forward we will put
4 additional focus in the areas of capital
5 construction, restoration, and engineering services
6 as these are areas that represent the greatest
7 opportunities.

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

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

21 Another area of opportunity is our
22 capital improvement work at our gas storage and

1 transmission facilities. The highly specialized
2 skills and equipment required to do this work has
3 created barriers to diverse suppliers as well.

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

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

15 I just mentioned our --

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

18 MR. MATTHEWS: Yes, that is a good point. That
19 is another area of market competitiveness, meaning
20 just having them be able to participate
21 primarily through our RFP process with the
22 competitive bid; however, we do use the best value

1 approach quite often to sort of level the playing
2 field and acknowledge all of the value that the
3 supply diverse suppliers bring.

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

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

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

17 We are proud to have spent 86 percent
18 of our dollars with vendors located in the State of
19 Illinois. This has been an intentional focus for
20 Peoples Gas and North Shore Gas, and we plan to
21 continue utilizing both local suppliers when
22 possible to maximize the local economic impact.

1 With that, I conclude my presentation.
2 Again, I thank you for this opportunity to provide
3 just some highlights of our 2016 SDI story, and now
4 I'll take questions and I may have to get Jennifer
5 to help me.

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

11 Dr. Coleman, do you agree?

12 DR. COLEMAN: I'm sorry?

13 COMMISSIONER ROSALES: I was asking you --

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

16 Any other questions for Mr. Matthews?

17 (No response.)

18 This is kind of a natural place to
19 take a break, so let's take a 10-minute break.
20 We'll come back at 3:25 for our corporate executive
21 roundtable.

22 (Whereupon, a 10-minute break

1 most about this state and the way we do things here
2 is that it's really a collaborative partnership and
3 that was one of the purposes of the goals of
4 creating the IUBDC really to work together.

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

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

20 Some of those, just to refresh your
21 memory, were that for IUBDC is really doing really
22 great, however, very, very general, so maybe you'll

1 have -- Melanie might have mentioned in your
2 reporter that you have a need for 400 diverse
3 businesses. How are these businesses get one-to-one
4 interaction, maybe they're coming to the event and
5 they're not necessarily following up or following
6 through.

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

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

18

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

21 COMMISSIONER MAYE EDWARDS: Mr. Williams, I don't
22 think your mic is on.

1 MR. WILLIAMS: It's green. Greener now.

2 (laughter.),

3 Interestingly enough, I'm color blind.

4 (laughter.)

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

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

20 I think it's important that we
21 understand in terms of the expectation around the
22 reporting as it relates to measurements, and

1 grading, and how ever we want to describe that, that
2 all those things I think it is important that we
3 understand also what it means to be a regulated
4 utility, and what the compliance requirements are,
5 what the regulatory requirements are, what the
6 limitations and challenges that we have, and all
7 facets of our business, that there's a fundamental
8 understanding of what those things mean, how that's
9 represented to insure that we can remain on a path
10 of understanding, how that reporting and how it is
11 being utilized.

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

17 COMMISSIONER MAYE EDWARDS: Thank you.

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

21 MS. PRAMAGGIORE: So I guess there's a question
22 or there's sort of a couple of things, I think two

1 buckets. One is goal and criteria and another is
2 just data production, and you are looking for both,
3 I think, and some consistency in the data
4 production. I'll just try to find a level --

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

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

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

22 MR. MATTHEW: Yes.

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

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

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

17 I think the next generation really we
18 work very closely with Commission staff to insure
19 that there was at least some fundamental
20 understanding of what all those reportings will
21 entail and, once again, we still in this area how do
22 we get more consistency.

1 Once of the things that we are going
2 to have to insure that we align around what is the
3 expectation around reporting specifically and how do
4 we ensure that the different utilities understand
5 exactly what the expectations are, where there are
6 gaps, how do we understand how we begin to close
7 those gaps, and what the timing around addressing
8 those gaps, what do we see over the next year or so
9 that we'll continue to be more consistent in
10 developing the reporting.

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

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

1 expectations are.

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

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

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

18 The next challenge will be to actually
19 generate that data in our organization. Since it's
20 not an easy thing to do in all cases, we are really
21 pushing our organization to give us better data and
22 deeper and more granular data all the time, but it's

1 something that the companies haven't -- you know,
2 the tier ones are pretty easy. Once you get past
3 that, it gets a little bit trickier. We have to push
4 that in the organization.

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

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

17 I think the difficult thing that we
18 find is if we can defined -- work out what these
19 issues will be, come to some consistency or a
20 template, then spend the time frame for implementing
21 it, and so that we have enough lead time that we
22 have to make changes the way our data is collected

1 that we can do it in preparation for giving you the
2 information you need.

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

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

20 DR. COLEMAN: I would just like jump in here. I
21 think you guys are well on your way to coming up
22 with a solution to what the Commissioners are asking

1 for in terms of coming together and working with
2 Danisha to define what a template may look like with
3 respect to consistency of your data as well.

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

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

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

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

1 spread over three different areas of your report.

2 You want that in one succinct area.

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

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

13 In terms of the methodology that I
14 propose, that's where I think IUBDC and the ICC
15 really needs to sit down and work together and reach
16 some level of consensus about if we pursue this sort
17 of approach, then what is the consistency that we
18 have with respect to the definitions of what we mean
19 for some of those things in 5-117, and that's really
20 just being clear that if any committee that sits
21 together and looks at your report, they're going to
22 be able to consistently score that in a way where

1 it's not going to be any outliers to what it is
2 that's being rated or ranked on.

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

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

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

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

19 MR. WILLIAMS: Yes. I think we all would agree
20 that's very realistic. We're not starting from
21 scratch here. We have a framework and to realign
22 and evaluate the structure. We are very willing to

1 insure that we can make that commitment now.

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

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

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

19 COMMISSIONER MAYE EDWARDS: We appreciate that.

20 COMMISSIONER ROSALES: When we started earlier
21 this morning, I had two challenges. One was the
22 uniform report structure that we spoke about, but

1 the first one I talked about was the utility spend
2 and diverse businesses outside of Illinois, so after
3 listening to all the presentations, it seems like we
4 have a difference of opinion, because Mr. Williams
5 about talking \$2 spend in diverse businesses but our
6 numbers indicate 900 million to 1 billion is outside
7 of Illinois.

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

18 Now we need diverse businesses and
19 contribute within the communities that you serve,
20 and if you have a problem with it, let us know, but
21 that's how we see it, and I know, President Mark,
22 you talked about that, and I commend you for it, and

1 Anne the same way.

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

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

12 COMMISSIONER ROSALES: Absolutely.

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

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

1 How are we --

2 COMMISSIONER MAYE EDWARDS: Absolutely.

3 COMMISSIONER ROSALES: Talk to me.

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

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

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

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

21 While there are diverse partners in
22 certain degrees of that space, when we start looking

1 at more complex projects, large diameter piping, we
2 become more limited in terms of identifying diverse
3 partners that have experience, capital, all of those
4 things that we talked about that's specifically in
5 that space.

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

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

19 And the other thing that I will say
20 it's not our intent to be market inhibitors in
21 business and being able to come to the State of
22 Illinois, because we all want that, not only

1 inclusive the opportunity for economic impact within
2 the state and encourage other businesses to be able
3 to do that as well, no differently than many of our
4 diverse partners who are doing business outside of
5 Illinois, and we encourage them to be able to do
6 that as well, because it gives them the opportunity
7 to grow.

8 So there's got to be a balance in this
9 narrative around what that represents. I won't
10 debate the numbers, but I think that it is important
11 that we create this dialogue to make sure there's an
12 understanding all the different variables in the
13 narrative that we are talking about.

14 COMMISSIONER MAYE EDWARDS: Just another thought.

15 COMMISSIONER ROSALES: Back on the subject, I
16 think the resources are so substantial that there
17 needs to be some answers, and so that's when I go
18 back to the uniform reporting. We would have those
19 answers, if that's the case, but it seems so extreme
20 with that -- with that amount of spend that it just
21 seems more so than some of the specific work that
22 you're speaking of. I'm just saying maybe I'm

1 totally wrong, but I don't know.

2 MR. WILLIAMS: Commissioner, you are not wrong.

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

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

18 Well, they decided in 2016 that they
19 wanted to go to other markets in order to be able to
20 capture markets outside of the State of Illinois.
21 It placed a big void for Nicor in terms of saying we
22 could unplug that particular diverse partner and

1 plung another one of this size, scale, to do the
2 same type of work.

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

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

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

20 CHAIRMAN SHEAHAN: I want to be mindful of the
21 time. We have a little less than 10 minutes if
22 anyone has a question, then maybe if any of you

1 would like to have kind of a closing, you know,
2 statement, you are willing to have one, Commissioner
3 Maye wants to say a closing remark as well.

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

10 MR. MATTHEWS: I guess Peoples Gas and North
11 Shore Gas would have to, one, be the progress we
12 have made which, again, we have doubled each of the
13 last two years and now we are at 65 percent of our
14 total spend and the other one would be that
15 86 percent spend in Illinois.

16 MR. HAUK: I thing that I'm most proud of in 2016
17 was a sevenfold increase in spend over 2014 and
18 total supplier spend and sixfold in our MBE
19 category, but, as I said, it's a journey and we are
20 a long way away from when we are going to see
21 progress, and I think I heard from the Commissioners
22 before and having been around these different events

1 it's when the leaders take charge and create the
2 influence that I see change.

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

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

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

16 MR. MARK: I have something that our company did
17 in 2016 that I'm very proud of -- I would like to be
18 careful before I say that, and to say that, you
19 know, I'm really proud of the IUBDC and this group
20 of leaders is a diverse group, and I think it's
21 probably one of the most diverse group of utility
22 leaders that I have ever been around, and just to

1 have the opportunity to get five businesses of our
2 size in the same room, the believers in the room,
3 and to actually talk and get something settled and
4 move things forward, I'm extremely proud of that,
5 just to be able to work with these individuals.

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

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

18 I would like to say that one of the
19 things I'm very proud of is our diversity spend
20 steering committee. I think a lot can be driven by
21 us as leaders of organizations, but until you get
22 the idea and the philosophy about the diversity and

1 the inclusion to the lowest levels of the
2 organization, to get everyone thinking about it so
3 that when they see a contractor come on property
4 whether -- you know, there was an opportunity for
5 diversity, bring one on.

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

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

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

21 Finally, as it relates to Nicor Gas,
22 I'm very pleased with the progress that we made on

1 this journey. I'm confident for 2016, but I'm even
2 more pleased with the cultural dynamics of what's
3 changing within my organization as it relates to
4 diversity, because, and I say this all the time,
5 that I am committed and my entire organization
6 understands, but everybody in this organization has
7 to be committed to continue to be sustainable in the
8 future, and that's the level of progress that I'm
9 very pleased with, and we continue to change in that
10 area. Thank you.

11 CHAIRMAN SHEAHAN: Thank you.

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

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

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

22 (laughter.)

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

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

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

17 (applause.)

18 (Whereupon, the above
19 matter was adjourned.)

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