BEFORE THE

ILLINOIS COMMERCE COMMISSION

ANNUAL SUPPLIER DIVERSITY POLICY SESSION

Wednesday, September 5, 2018

Chicago, Illinois

Met pursuant to notice at 9:00 a.m. at 160 North LaSalle Street, Chicago, Illinois.

PRESENT:

BRIEN J. SHEAHAN, Chairman

SADZI M. OLIVA, Commissioner

JOHN R. ROSALES, Commissioner

D. ETHAN KIMBREL, Commissioner

ANASTASIA PALIVOS, Acting Commissioner

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BY: JO ANN KROLICKI, CSR

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Chairman Sheahan: Good morning. Please take your seats, and we'll get started.

Good morning, and welcome to the Illinois Commerce Commission's Annual Supplier Diversity Policy Session. I'd like to thank all of you for being here today, with special thanks to two legislators that we expect to be here this morning, the utility executives, energy suppliers, and our panelists from diversifiers and assist agencies.

Each of you provides a perspective that's critically important to improve supplier diversity.

Today's policy session is in direct response to the requirement created by the General Assembly in Section 5-117 of the Public Utilities Act, which requires large, regulated utilities to report on procurement goals and actual spending for the previous calendar year with diversifiers.

This is the fifth year that utilities have reported to the ICC. This year for the first time, the reports include a breakdown of spending with diverse firms for large capital projects and for energy efficiency. Also new this year is an Appendix
A of each major utility's report, which is a uniform appendix listing diverse expenditures by category and classification making it easier to view the information and compare across utilities.

Each of these reports can be viewed on the ICC website, and we'll hear from each utility's president or CEO today.

Also new this year is a state requirement that suppliers of wind energy, solar energy, hydro, nuclear energy, and other suppliers of energy within the state submit an annual report on supplier diversity. As a result, 94 new entities reported this year. The reports are also available on our website. We'll hear from two of those entities this morning.

As our agenda reflects, we've taken a somewhat different approach to this year's session. Today, you'll hear the term, structural impediments, a term that comes directly from the supplier diversity statute and essentially means challenges. We've invited diverse suppliers and agencies that assist diverse suppliers to speak with us about their
experiences, the challenges they face, and potential solutions and best practices to overcome these challenges.

In preparation for today, some themes arose. One is the need for better communication about opportunities and about transparency and automation so that diverse suppliers can learn about and bid for new opportunities.

Another one is helping diverse suppliers connect with contract decisionmakers, including professional services.

A third was a concept of unbundling contracts to make them smaller and more accessible to diverse suppliers.

We look forward to exploring these themes today. We know we'll not find a solution to every challenge in this short session; rather, our goal today is to open a discussion, a forum, for dialogue and exchange of ideas that will be taken from this room and used to make progress over the next year and beyond.

In facilitating this discussion, the
ICC seeks to encourage both an increase in dollars spent with diverse suppliers and a creation of significant additional opportunities.

We're very pleased to have with us Representative Andre Thapedi, Chair of the House Public Utilities Committee.

Representative, the floor is yours.

HON. ANDRE THAPEDI: Thank you, Mr. Chairman and Commissioners for having me here this morning.

Good to see you, Commissioner Rosales. It's been a little while since I've seen you, but good to see you. The last time that we were together, we were in DC learning about all the intricacies in energy, so it's good to see you.

I'm not a big TV watcher, but this past week, I did watch the celebrations of life for two giants in our country, the Queen of Soul, Aretha Franklin, and Senator John McCain. The common thread in both of those celebrations, other than R-E-S-P-E-C-T, was the fact that we as American people are much better than what is currently being
portrayed in the international media.

Yes, historically, we have had our challenges, but we have certainly made some progress, and just looking at the leaders of our energy companies here that are servicing Illinois, I think that's an indicia of that progress.

Divisive policies, name calling, and plain pettiness have no place in our country. Inclusion rather than exclusion is the goal that we should all be focused on, especially here in the Land of Lincoln.

These past few months as the Acting Chairman of the Public Utilities Committee, I have learned exponentially more about the inner workings of the energy sector. Seminars, workshops, and plant visits are all helpful and interesting, but actually sitting down with you digging in on the facets of the issues and looking for balanced, realistic solutions has broadened my understanding of the issues you face while generating, transmitting, and distributing resources throughout our state.

Now, even though I have been on the
Public Utilities Committee for ten years and served as Vice Chairman for the last six years, these past few months have been both exhilarating and enlightening.

Today, it is my understanding that the people will hear about the strides that some companies, unfortunately not all, are making relative to supplier diversity. A few companies really seem to embrace the letter and spirit of the legislation by making concerted efforts to enhance opportunities for women, people of color, and our veterans. That fact becomes obvious when reviewing their disclosures and their reports.

Several companies, however, have yet to see the light. Those companies with incomplete and/or vague reports and disclosures make that fact obvious as well.

Professional services, for an example, is an area that needs much needed attention. The diversity spend in certain disciplines like legal services, for example, appears to be woefully inadequate.
Having said that, I was pleased to read that one company in particular recognized the challenges in this arena and developed a strategy to train and mentor minority firms to grow and represent them before your body. Yet another company noted that its spend in professional services increased dramatically in this last reporting period. That's a good thing.

Sometimes something as simple as returning a phone call or an email will enhance opportunity for improvement in this area. It goes without saying that you will miss 100 percent of the shots that you don't take.

In the spirit of inclusion rather than exclusion, my hope is that the piece of legislation that's brought all the folks here before you today will continue to bring about great strides and respect in their respective businesses.

In closing, I want to thank you for your interest in having me here this morning, and please know that you have a friend in the legislature that always has a door open.
Thank you, Mr. Chairman, and thank you, Members of the Commission.

And good to see you, Ethan, my friend. I haven't seen you in a long time either.

Good to see you.

CHAIRMAN SHEAHAN: Thank you,

Representative.

Senator Sandoval, the floor is yours, sir.

HON. MARTIN A. SANDOVAL: Thank you very much.

Good morning. I don't know who makes these at 9:00 o'clock in the morning, but I'll proceed nonetheless. It's very tough to get downtown at 9:00 o'clock in the morning, but be that as it may, I want to thank everyone for allowing me to be here today; particularly, the residents of the 11th District, for which I hail from on the Southwest Side of Chicago, which is predominantly Latino.

I represent some of the most powerful men in Chicago, Mike Madigan, Ed Burke, the old Lipinski-Zalewski regime on the 23rd Ward. I reflect
the people that I represent. I try to do that every day.

And I come to you today as Senator Sandoval, and it's great to be here before the ICC. I have never done this before. I have never been before the ICC. It's great to be here.

CHAIRMAN SHEAHAN: Thank you for being here.

HON. MARTIN A. SANDOVAL: It took me 16 years to come here, so this is historical for me and my family to be before the ICC.

My parents crossed the river in 1959 from Mexico, and so I don't say that in jest. This is a monumental moment for myself.

And to be before some of the most powerful men in the utility industry in America, the men sitting here to my right, that's fascinating.

I appreciate the work of the Commerce Commission over the years to take seriously supplier diversity. Over the last few years, it's about time. I appreciate that we've passed a number of laws with my colleagues, Representative Thapedi and Will Davis.
and Senator Martinez. There's been a lot of work
over the last few years independently of the ICC to
enforce supplier diversity rules and corporate values
that most of corporate Illinois espouse to.

If you go to many of the websites of
the companies here on the right-hand side and in
other industries, you'll find that they espouse these
corporate values that you would think you're reading
passages of Martin Luther King that are very
accepting of the diversity of this country and of the
state.

Nonetheless, I'm a little
disappointed today as I come here before you. I'm
disappointed at the transportation policy workshops
scheduled for next week. Next week -- today, we will
have a four-hour hearing with every major utility
here. Opportunities for advocates and subject matter
experts and even legislators like myself to share
views and discuss openly the challenges of supplier
diversity in the utility space.

Not so much next week. That's not
the case. It's a 30-minute hearing, no advocates, no
legislators, one railroad even calling in from outside to testify, and that's reflective of the reports that the railroads have filed. The same copy from the state association that doesn't even attempt to include any information from each railroad.

I don't know if you're aware of that, but they're basically thumbing their nose at the ICC, and they're thumbing their nose at the legislature and the people of Illinois, because they just don't really care.

And you're only going to dedicate 30 minutes next week. No testimony, no advocates, no nothing. You have a room filled with people here today.

However, I do want to take this opportunity to thank the utilities; particularly, the big five, ComEd, Ameren, Peoples Gas, Nicor, and American Water. You didn't have to take this challenge of supplier diversity seriously. You didn't have to ultimately come to an agreement on the bill six years ago, but you did, and I want to thank you for that.
You didn't have to take the task of transparency that our law brings and uses that to double or triple your supplier diversity spending over the last few years, but you did. Predominantly all of you to varying degrees. The direction is positive for all of you, and I want to thank you. I'm sure you didn't expect that.

(Laughter.)

HON. MARTIN A. SANDOVAL: It was about incremental movement in the -- moving the dial. I didn't expect to win the war, but I do expect to win a few battles. And you need to help me. Continue to help me to do that.

However, I do note that looking at the goals that you're working hard to meet, they don't even come close to the diversity base of the customers that you serve.

I looked at the last reports that you submitted in April. All of you have demonstrated some significant movement in your own right. But yet, if you look at the values that you espouse on your websites again, you talk about the core value
of, you know, your corporations is to have a supplier diversity program that reflects the diversity of your customer base.

Peoples Gas, 61 percent diverse. My numbers show 13 percent diverse spend. ComEd, 53 percent, 16 percent diverse spend. Nicor, 32 diverse customers, 13 percent diverse spend. Ameren, 32 percent, 6 percent diverse. American Water, 32 percent, 3 percent diverse.

Now, my numbers may not be accurate, perhaps. You can go and doublecheck them, but your customer bases are fairly diverse; yet, your incremental growth -- although, you've come a long way, babies, but you're not there, and it's not anything to celebrate yet.

I hope as we move on to other industries in the General Assembly, we continue to rely on the good work of the Commerce Commission to staff this work and serve as a neutral agency on the collaborators with private industries to increase jobs and opportunities.

Remember why we do this. Remember
the community that suffers the most. Remember the killing fields of too many neighborhoods just this Labor Day weekend. Remember Father Pfleger shutting down the Dan Ryan not too long ago. Why? It's about the people. It's about J-O-Bs. And what are we all doing to change that? It's a job. It's an opportunity.

And that's why we're here. I mean, that's why I'm here. To make sure that we do everything in our power to provide those opportunities for a job and prosperity to communities who need them the most.

Just a few suggestions. It would be helpful to have a summary -- this is to the IC. My staff had tried to put something together for an apples-to-apples comparison of each of these companies, but if the Commerce Commission can do that, that would be helpful.

One chart, they list each company, total budget, total amount counted towards the goal, and total spent in each category. We can use some clarity in the difference between direct and indirect
spend and some standard definitions.

And the big one, of course, is access to capital and experience in the industry. We may link together the Department of Commerce and Economic Opportunity and our workforce-training dollars and our community colleges are tied into this work. That piece is missing.

In short, I want to thank the utilities on a serious note. Thanks to the Commerce Commission for your work over the last few years for taking it seriously. Will Davis, Thapedi, Martinez for supporting these initiatives.

We all can be proud that in the aggregate, more than two billion dollars in diverse spend is happening every year from the companies in this room. Two billion dollars every year. And you know what, Thapedi?

HON. ANDRE THAPEDI: What's that, Senator?

HON. MARTIN A. SANDOVAL: That wasn't happening before our laws. That just wasn't happening. Today it's happening. So it's positive.

Thank you.
CHAIRMAN SHEAHAN: Thank you, Senator.

COMMISSIONER OLIVA: Good morning, everyone. I'm Sadzi Oliva. I'm one of the Commissioners here on the Illinois Commerce Commission.

I would just like to invite everyone to recognize Senator Iris Martinez, who is here. Most of you know that she is the first Latina senator in the State of Illinois.

And we really appreciate you being here, and we'd love to hear from you if you'd like to make comments.

HON. IRIS MARTINEZ: I'm good.

(Laughter.)

HON. IRIS MARTINEZ: You've already said it all. I'm good. I'm happy.

COMMISSIONER OLIVA: I'll take it.

CHAIRMAN SHEAHAN: Thank you. Thank you, sirs. We really appreciate your being here.

And, Senator Sandoval, we'll be happy to work with your staff in terms of the reports and meeting your expectations for future sessions like
HON. MARTIN A. SANDOVAL: I hope we have a soiree like this next week at the transportation hearing.

CHAIRMAN SHEAHAN: We'll do our best.

At this time, I'll turn the program over to Commissioner Rosales for our first panel.

COMMISSIONER ROSALES: Thank you, Mr. Chairman.

I would also like to recognize Senator Sandoval, Representative Thapedi, and Senator Iris Martinez. Thank you for being here.

Good morning, everyone, and welcome again to 2018 Supplier Diversity Policy Session.

As the Chairman stated, Section 5-117 of the Public Utilities Act requires large, regulated utilities to report on procurement goals and actual spending for the previous calendar year with diverse suppliers.

This morning, we will hear highlights from each utility's CEO regarding their 2017 diverse supplier programs and reports. During our first
panel, the CEOs will share what programs worked best during 2017, the best practices of their supplier diversity teams, and discuss changes to their approach to supplier diversity for 2018.

Each CEO will have seven minutes, seven, seven to present on their company's highlights followed by a Q and A and discussion session. Seven.

As always, the Chairman and Commissioners are always free to ask questions throughout the session.

I will now introduce the speakers in order of the presentations:

President Melvin Williams, Nicor Gas.
President Richard Mark, Ameren.
President Joe Dominguez, ComEd.
President Bruce Hauk, Illinois American Water.
And President Charles Matthews, Peoples Gas.

President Williams, the floor is yours.

MR. MATTHEW WILLIAMS: Good morning,
Commissioners.

And I'd like to thank Representative Thapedi and Senator Sandoval. Senator Sandoval, thanks for your comments and thank you for being an untiring advocate that's committed to this cause for business supplier diversity. I do appreciate that.

With that, I would like to thank the Illinois Commerce Commission for hosting us today. I'm pleased to speak about the Nicor Gas 2017 supplier diversity results and our 2018 goals and objectives.

Over the past several years, we've worked to make significant sustainable progress in diversifying our supplier base, and this has set the tone and the expectation for business diversity in our organization.

When we met last year, I shared Nicor's vision that business diversity is not a program, nor is it a priority. That it must be an organizational value and a strategic business imperative. We committed that we will continue to
engrain business diversity into our culture, and our performance results show that that's exactly what we're doing.

In 2017, we achieved 180 million dollars in minority, women, and veterans spend, which represents 27.5 percent of the company's overall eligible spend. This is approximately a 60 percent increase over 2016, which represents our intentional efforts to expand opportunities for diverse companies and strengthens our diverse business partnerships across all areas of our organization.

Our efforts to engage our prime partners through periodic diversity assessments have resulted in measurable progress. In 2017, Nicor Gas' prime partners increased the value of their Tier II subcontracts awarded to diverse businesses by more than 45 million dollars. That's an important fact.

We continue to make progress in the professional services category while we have a lot yet to be done in that area. We increased our professional services spend by 21 million dollars
over 2016. For example, last spring, Nicor Gas partnered with 3P Utility Services to deploy its meter modernization program, and those efforts will yield over the next several years anywhere between 14-to-30 million dollars.

Nicor Gas plans to introduce its Economic Impact Study with the intent to provide a greater public insight to better understand the magnitude of our diverse spending within the state. The Nicor Gas Economic Impact Study will illustrate how our diverse partners, our development programs, our resources and commitments are strengthening the economy on a local, state, and national level as well as developing and growing diverse businesses throughout the State of Illinois.

Equally important is our progress that we've made in embedding diversity into our culture. To that end, last year we created a strategic plan for supplier diversity engagement. This plan shows the highlights, our intentional efforts around the four pillars of our diversity
plan, and they are advocacy, development, procurement, and reporting.

Our strategic plan objectives drove our 2017 performance. These objectives are the basis for our 2018 engagement and will continue to propel us forward.

I'd like to share a few highlights of the 2018 engagement. First, we are evaluating our diverse partners pipeline and seeking to develop strategic, sustainable relationships with businesses that align with our sourcing and requirements of our business objectives.

Our supply chain supplier diversity and business leaders are taking a proactive approach to our procurement efforts. We are reviewing contracts and opportunities in areas with low diverse representation and exploring ways to increase access and develop diverse businesses through different strategic sourcing activities, including our RFP process, which gives our diverse partners an opportunity to meet with our business leaders prior to responding to an RFP, which gives them the
opportunity to be able to have a higher level of transparency around all the different aspects of our business prior to submitting an RFP.

Second, we continue to work with our prime partners around their commitment to our strategic business imperatives. Our prime partner pipeline requires all suppliers to include a Tier II subcontracting utilization plan as part of their primary bids.

I stated last year we've executed on our commitment to expand the use of performance score cards which measure second tier results and reinforce the importance of subcontracting with diverse businesses.

Third, we will continue to provide education, transparency, and access and mentoring to diverse business communities. We continue to support the development of diverse businesses through our mentoring relationships and our formal education initiative known as the Supplier Diversity Business Development Program.

Nicor Gas leaders, employees,
friends, and families joined together with three of our valued business partners, MPL Construction, Trinidad Construction, CS1 3000 to host a community project for Nicor Gas 22nd Annual Volunteer Day, which encompassed an entire week of activities to benefit our communities at Nicor Gas.

This community outreach project is one of many ways that we foster relationships with our diverse business partners that share in our commitment to our community and our commitment to ensure that we're all serving all the 650 communities that we serve.

Finally, Nicor Gas has partnered with MPL Construction Company -- and this is one of our proudest things that we've done this year -- and the Quad County Urban League to launch a six-week job readiness program called the Nicor Gas Career Academy. This program is designed to prepare participants for entry level work in the utility that focuses on natural gas.

We have 25 participants in our initial cohort that will allow us to be able to
create a pathway for diverse -- for diverse partners
to be able to come in -- employees to be able to come
into our business that will build a future of our
organization in terms of the talent that we'll
attracting in the organization.

We're hoping to be able to expand
this program beyond the 25 cohort in the first
quarter of 2019.

These are only a few examples of the
objectives that we have achieved over the last year.
We are currently executing our 2018 business
diversity plan and on target to exceed the 2017
performance results. While aggressive
goal-setting is a part of our strategic plan, our
endeavor continues to be broader than just achieving
a target.

At Nicor Gas, we aim to continuously,
consistently engrain diversity in all aspects of
everything that we do. Diversity is a strategic
imperative of our business whether working with Nicor
Gas as a diverse partner or for Nicor Gas as an
employee.
We appreciate your partnership, and we appreciate the partnership the IUBDC. Thank you.

CHAIRMAN SHEAHAN: Thank you.

Any questions from the Commission?

COMMISSIONER ROSALES: One question, President. When you turned in the reports in April, you added 200 new diverse forms to the permanent database. What we'd look for next year is how many of those did you have a contract with? You see, I appreciated you adding those to the database, but you could add 1,000 or 2,000, or 4,000. How many did you contract with? And so next year, we'd like to see those numbers.

MR. MATTHEW WILLIAMS: That's a fair assessment, Commissioner, and the database that we use, and I think all the utilities will say the same thing, is the opportunity to track the engagement of all diverse companies that are seeking to do business with any of these companies.

Now, to the extent that there are opportunities to align the products and services that those partners may be offering and that aligns with
our business objective, that's the whole idea around our supplier diversity efforts, and to the extent that we have new contracts based on the engagement with those parties, we certainly can ensure to highlight that next year.

COMMISSIONER ROSALES: Please. Thank you.

President Mark. President, I'm sorry.

I'd like to recognize Commissioner Rosales from the CTA that's here. Thank you.

President, please.

MR. RICHARD J. MARK: Thank you, Commissioner.

I'd also like to thank Senator Sandoval and Representative Thapedi for being here and their comments, and I would just like to say that I agree with you 100 percent on the importance of participating in the Transportation Committee. The railroads are a significant barrier for many of the utilities in getting projects. We have over 25 million dollars of projects right now being delayed because of unable to
get right-of-ways from the railroads in a reasonable
period of time for a reasonable amount of money.

So I agree with you 100 percent.

Their impact on minority communities has been
devastating. Their lack of attention to their
property, their lack of attention to responding to
mayors and city councils has been, in my opinion,
appalling from the city of East St. Louis, at least
from what I see there.

But I'd like to just take a few
minutes of time today to talk about Ameren Illinois
diversity, and I have a slide here that shows our
diversity spend, the trends over the last three
years. We've made significant improvements this
year, in 2017, but similar to what Melvin said, after
last year's results in 2016, we saw a significant
decrease in our minority spend in '16 over '15.

And one of the things that happened
that we realized when we went back and analyzed what
happened, we had a large minority contract that a
company was bought out by a nonminority firm, and
with that happening, the minority spend went
significantly down.

So what we tried to do was look at that situation and figure out how do we prevent those types of things from happening and occurring in the future, which could have a significant impact on your spend, and develop a bigger pipeline and data base of minority vendors.

So one of the things we also did was we looked at journey mapping our entire contracting process. And you mentioned talking today about what we did and what worked well and how we made changes, and this is one of the key things that we found is that when we looked at how the journey mapping the process of contracts, that often in big companies, depending on what products or services you're buying, the decisionmaking levels on those contracts vary. Sometimes it's at the division level. Sometimes it's at a director level. Sometimes it's at a superintendent level. Sometimes it's at the Ameren parent company level.

So what we wanted to do was get a better handle on that so that we could actually look
at and try to bring more minority vendors in it. So what we did is we created what we called a Supplier Diversity Steering Committee. We put senior leadership from Ameren Illinois on a committee, and every contract has to go through them now. Even though there might be recommendations from lower levels in the company, we want the Steering Committee to have total oversight.

The Steering Committee has created their own scorecard that they look at, judging and reviewing all of the contracts, and in there, we look at weightings that reflect an emphasis on diversity and also on our desire to use locally-headquartered companies, Illinois companies. So if you're an Illinois company, you have an -- and you're a minority company, you get some extra points on the scorecard.

So we have a very thorough scorecard. This team of senior leaders reviews every contract and then makes the ultimate recommendation to select the vendor.

And we feel that this process has
helped us tremendously understand where the
decisionmaking is, how to get ahead of it quickly,
and then how to bring it to a committee of senior
leadership to actually make the ultimate decision
that really helps us grow and expand diversity
businesses.

We, also, realize that one of the
things that education has to start at the lowest
levels of the organization, about the importance of
diversity and the importance of diversity spend, so
that when we go out into the field and we talk to all
of our coworkers about the importance of diversity
spend and how working with diversity suppliers
throughout our service territory is good for our
business and helping them realize that importance,
too.

It can always be said at the upper
level, but if you don't have the lowest level in the
organization working towards that same diversity
goal, there's always going to be barriers, and what
we're trying to do is start at the lowest level to
eliminate those barriers and get cooperation and have
a more deliberate discussion at all levels of the organization about diversity spend.

This next slide, it's kind of tough to see here, but this just shows you the members of the Steering Committee. So we have the Senior Director of Operations in the north and south. We basically go all the way to Galesburg, Illinois, and south, we go all the way to Anna, Illinois, about 44,000 square miles. So we divide our service territory in three -- in two regions, north region, south region. So we get the Senior Directors of both of those areas on this team, being a gas -- natural gas and electric company, combination utility. We have our gas Vice President of Operations on there as well as electric, Vice President of Electric Operations, plus people from our Transmission Department as well as customer service, digital, and representatives from our diversity supplier office, and our Director of that department is also on this committee.

So they make the final decision, and we feel that that has been a major step forward for
us in improving our diversity spend and really
building a data base and potential vendors that we
can work with in the future.

I just wanted to show in closing here
a final slide of some of the awards Ameren
Corporation and our subsidiary companies have
received -- the next slide -- oh, I'm sorry. I was
going to do energy efficiency. Could you back up
one?

Before I close, one quick thing on
energy efficiency. Last year, we got approved by the
Commission -- and thank you for this -- our Energy
Efficiency Program, and one of the reasons why we
felt that this was so important is that we realized
that many of our energy customers who take advantage
of energy efficiency programs were not
low-and-moderate-income customers. They weren't
taking advantage of the programs.

So we wanted to redesign our programs
to make sure that our low-to-moderate-income
customers throughout our service territory had
opportunity. So we put in about 2.9 million dollars
for market development, diversity, and economic empowerment in our Energy Efficiency Plan with the whole intention of trying to identify diverse vendors that are in the energy efficiency space.

And we feel that that's an untapped opportunity. Our energy efficiency budget this year is about 114 million dollars. Our goal was to try to get not only employees and workers into that space, but also find diverse firms that can help us go into neighborhoods to get more diverse customers involved with energy efficiency programs.

So when working through that, we've been able to identify a number of minority-owned partners that we brought on board as well as we're working with some small startups to mentor them in developing and working at energy efficiency.

Those numbers are not reflected in our 2017 numbers. Most of those programs started in 2018. But we also see that as an area that there's going to be a lot of spend across the state, and what we find is not most -- a lot of times, minority customers do not participate in energy efficiency
programs, and we do not have a number of minority vendors or contractors in that space either. So our goal is to try to improve and increase the number of companies that are working in our service territory to provide those.

And then my final slide just shows some of the awards that we received in 2017 that obviously our company is proud of. In looking at this, I was thinking about it, you know, when I look at our commitment to diversity, it started a lot longer than just a few years ago. It really started in 2002 when we hired our first diversity director.

Since that time, that program has grown to a Vice President of Diversity that oversees not only diversity and inclusion of all of our internal, but also of our external, our suppliers. That VP of Diversity reports directly to our corporate parent company CEO, and we've created a diversity council made up of the senior leaders of all the business segments that report directly up to the CEO to review our diversity spend, our goals and
targets for each and every year.

    Thank you.

COMMISSIONER ROSALES: Thank you,

President.

Commissioners? Chairman?

(No response.)

COMMISSIONER ROSALES: I had one question quickly, and again, this is so we compare apples to apples.

You mention in your report you had new opportunities from those 40 diverse suppliers. For next time, a little more transparency. Is that 40 new ones? Is that additional opportunities for the 40 that you had? It wasn't very clear. Because we read your reports, like Senator Sandoval does. We want to make sure that we're all comparing apples to apples. Okay?

MR. RICHARD J. MARK: Okay. Thank you.

COMMISSIONER ROSALES: Thank you.

President Dominguez, welcome. This is your first time here.

MR. JOSEPH DOMINGUEZ: Yes, very glad to be
COMMISSIONER ROSALES: Welcome to Illinois.

MR. JOSEPH DOMINGUEZ: Members of the Commission, thank you. I'll turn on the mic. That will help.

As you said, this is my first time here, and it's a bit of a bittersweet moment for me. I'm happy to be here presenting great results on a topic that's very important. On the other hand, being the new guy, I can't lay claim to any credit for the numbers I'm going to report. Anyway, I'll start with that, and just cover some of the numbers.

In the interest of time, I'm going to pull out some of the things that I think are quite important. 36 percent of our overall spend in 2017 was diverse-certified supplier spend. We, based on the success in '17, are increasing that target to 38 percent for this year, and I'm proud to report that we are on progress to make that.

We added 111 new diverse suppliers. Those are new, Commissioner Rosales. 48 percent of our spend is MBE spend. About 51 percent is WBE
spend.

The numbers are staggering. Senator Sandoval talks about how much this industry generates on an annual basis. For us, that was 853 million dollars of spend in 2017 alone. Since 2011, when your policy initiatives led the way, we've spent about 3.3 billion dollars in this area. Quite impressive.

The numbers on our spend are reflected by the leadership that we have. I want to give you some numbers for our internal people, the 6,000 people at ComEd, 49 percent of them are diverse. We hired 366 new people this year. 70 percent were diverse. That is happening at all levels of the company. Our executive team is nearly 60 percent diverse. It's 59 percent diverse. Of course, I'm very proud to be the first Latino to lead ComEd.

I thought Senator Sandoval's words were encouraging, and I always appreciate his motivational speeches with both carrot and a lot of stick sometimes. And the stick is appropriate.
The one thing I disagreed with is this. He said we didn't have to take this stuff seriously. In retrospect, that statement is clearly wrong, because the numbers on the page that you're seeing here are quite important, but they don't reflect the performance that has improved throughout the company as we focused on this issue.

Today, our efficiency is better. All of our business metrics, financial metrics, the operational metrics -- and I'm going to say across the waterfront of Exelon companies -- have improved dramatically over the last decade as we focused on this issue.

And I say that because sometimes we have a conversation about this issue as if there were a sacrifice to doing this. We have these lofty expectations, and as a corollary to that, there's some sort of business sacrifice. Absolutely not true.

As we've opened the door to the full range of American talent, we get the best results, and I think that's probably reflected in the results
If we can turn to the next slide.
As we've tried to look at this area and see where the opportunities are and structural impediments are, we wanted to get a bit more granular on where we're having success stories and areas where we're not having success stories as a result of our history.

So we looked at some of the high margin professional services work. As you can see on this chart, advertising, engineering, and technical consulting services are big leaders for us in terms of our ability to get work out to WBE and MBE firms. About 59 percent of our engineering and technical consulting work is with MBE contractors. That's a big deal. That historically has been a real challenge for this industry to get that sort of technical services work done by MBE firms, and I'll talk a little bit about why I think that success has occurred. 66 percent of advertising and marketing spend.

When we looked at legal spend, the
picture wasn't so good. I think you heard about last year for the first time a new program, and I'll report some successes in that program as we're rolling it out.

But as we get more granular, one of the things, Chairman Sheahan, that we need to look at is not only the structural impediments, but they may lie differently depending on what sorts of professional services we're talking about.

Let me turn to the next slide.

ComEd has launched the Enterprise All In. I'll call it the EAI Program. I think the two buckets of structural impediments that we tend to find is a lack of capability or capacity. Not surprising given the fact that the door was closed for these services and opportunities for many years, we don't have a community of diverse and women-owned businesses that are able to provide the services. That's one challenge, and grooming that capacity is a big deal.

The other part of it is just information flow, ensuring that companies are aware
that the opportunities exist and that we're reaching out into the community through our leadership team, through our supply chain, every avenue possible to make sure that companies are aware of these opportunities.

So the program that is talked about here on this slide is a new program where we've brought in 19 businesses. Now, this could be a mix, Commissioner Rosales, because I know you'll ask, of companies that are already doing business with us, but we think we can scale that relationship into new areas or make it bigger or completely new companies that have expressed an interest. And we'll certainly take notes as a result of forums and discussions like we're having today to expand that.

But the idea very much like the idea that we shared with you last year, that Anne shared with you last year when she was here, is to build capacity by investing in these firms, teaching them the business, teaching them our needs, teaching them about the business opportunities in terms of the scale, the financial opportunity for them.
What makes this stuff work at the end of the day is when these vendors have skin in the game. So they have to be willing to spend some money to chase this business, develop the expertise. If they are willing to devote time and effort, then we should be able to do the same thing on our side of the business to partner with them and get them up to speed. So that's the concept here.

I'll turn to the next slide, because it builds off something that you saw last year, and this program really came at a recognition of failure. We simply did not have any diverse representation here before the Commission. As we looked at the firms that were out there and if you just go to their websites or our knowledge of them, they didn't have this capacity.

So through an interactive effort where we're mentoring those firms, we're providing education to those firms, we're partnering those firms with the firms who have traditionally done this work for us, oftentimes at their own cost, we're starting to bring those folks into the dockets,
develop the expertise where over time, they will increasingly take on a significant role in ComEd's representation before this body.

So that's very exciting. I think across-the-board that's what we need to be doing with vendors in order to get them over the hump. As I said, historically, the door was closed. What we've all learned is simply opening the door isn't enough. You have to prime the pump, and you have to build that capacity. The two programs I just talked about are an illustration, at least, in how we're going after that.

I have heard some of the other CEOs talk about it. This is kind of an obvious point and one that we all, I think, can learn from each other and steal best practices from each other.

So with that, that's the conclusion of my formal presentation. I'll look forward to your questions.

COMMISSIONER ROSALES: Commissioners?

Mr. Chairman?

(No response.)
COMMISSIONER ROSALES: President, you may not notice, it's okay, but we have to have some clarity. 111 new diverse-certified suppliers. Do we take for granted that those are from Illinois? That's one thing we need to be clear moving forward.

When you have a diverse supplier, is the diverse supplier in our area, or is it from New Mexico? And we need -- I'm not -- this is for everyone. But, you know, there needs to be clarity as we move into next year on what diverse suppliers are from our area, from this state. We need that clarity.

MR. JOSEPH DOMINGUEZ: Fair enough. You'll have it.

COMMISSIONER ROSALES: Bruce?

MR. BRUCE HAUK: Thank you, Commissioner. I guess I didn't get the prescript, because I only have 41 slides in seven minutes.

I'm going to start on Slide 2, but before I get started, I appreciate the Commission allowing us to be here today and report out. I very much appreciate the comments from Representative
Thapedi and Senator Sandoval. That's very meaningful, and I appreciate being held accountable. It's about the numbers and it's about the results.

I would also be remiss if I didn't recognize that Past Commissioner Mays is in the room as well, and she has a lot to do with what I'm going to talk about in terms of the historical performance of Illinois American Water and American Water in the great state of Illinois and so proud to be part of the Illinois Utility Business Diversity Council. As you've heard me speak in the past, our company has benefited greatly from the relationships and I say that at every opportunity because it's very meaningful.

With that being said, Slide 2, when Senator Sandoval said it's important to reflect the communities we serve, I think that's in all of our values and missions and strategy. But we're woefully beyond in that regard speaking in terms of Illinois American Water, but seeing incremental improvement over time. The goal is to get there eventually. This is a journey. It's not a program. It's not an
initiative.

With that being said, 2014, I think I was on record saying in my first policy session that a 3.86 percent overall diverse spend is lousy in any category or any classification how you would characterize that. But that 3.86 percent was a baseline for us to start on this journey.

In 2017, overall diverse spend increased 10 times from where we started in '14. Our MBE spend increased 11 times, and our WBE spend has increased four times. That to me is good improvement, but again, we're not where we need to be, and we understand that.

Moving to Slide 3, one of the comments that I've heard many times is when we look at overall diverse spend, we should discount small business, and not only look at the minority spend as classified in those categories. Not that I disagree with that, but I think it's very important.

In the unbundling of the work that's done in the water industry, we have jobs that range from 50,000 dollars to multi-million dollar
jobs across the entire state, and unbundling is not a challenge for the water industry. That unbundling with small business contractors allows us to drive MBE spend as a second tier, and it drove 40 percent of our MBE spend in Illinois American Water in 2017.

So although we don't count it in our overall prospective as we report out, it is important in our ability to strategically grow our minority business spend as that sector helps us achieve that.

As we move to Slide 4, it's very important to us the amount of work that's done in state versus out of state, and this is shown that we have an intentional focus to grow our Illinois partnerships. For example, in 2017, 77 percent of our MBE spend was in Illinois-based companies, 54 percent WBE spend was based with Illinois companies, and 60 percent of our veteran business spend was with Illinois-based companies.

You know, it's taken us a long time to actually create outcomes that are meaningful, and I'm very proud of the fact just between last year's
session and this year's session, Illinois American Water was recognized for the work that we've done in diversity and inclusion, recognized by the NAACP and also by the Black Chamber of Commerce most recently. That doesn't happen without a lot of focus and a lot of dedication.

Additionally, as we talk about our overall impact, I get the fact that we're the smallest fish in the sea, but we do have an impact in this great state from the top to the bottom. Over a three-year span, 714 million dollars of investment and 2800 jobs created per year. We will update that number for next year's policy session as we're currently doing.

One of the questions that's very important to this Commission and to the State of Illinois are the challenges with professional services, and we've been focused on that. I'm proud to say that 75 percent of our legal service spend is with veteran business in the State of Illinois. We're very proud of that accomplishment.

Financial services is an area that
we're trying to continue to move. That's an area of opportunity. That is actually an area of the business that's handled at the corporate level, but I'm here to say that I am an actual conduit to our corporate office and have created those opportunities.

As you remember, two years ago, we reported out that 100 million dollars of our investments in American Water are being managed by a minority firm now. That didn't happen by chance. That happened by the fact that I've been part of the American Water Investment Committee for all the American Water's pension fund and our 401K.

Additionally, the work that we've done in the State of Illinois at Illinois American Water has created the opportunity for me to sit on the Diversity and Inclusion Council as the executive sponsor for the entire American Water Company. That creates opportunities as well.

So that really summarizes my comments. But although this is the first time I have met my colleague to my right, his comment about this
important work doesn't diminish the performance of a company. I think Illinois American Water is a case study for that. If you look at service quality, you look at customer satisfaction, you look at financial returns, all of those things are better than what they were in '14, and diversity and inclusion in our efforts have a lot to do with that.

That is the end of my comments. I'll answer any questions you have.

COMMISSIONER ROSALES: Commissioners?

Chairman?

(No response.)

COMMISSIONER ROSALES: We're going to move quickly. I did have a comment.

On one of the reports that we received, and thank you, President Hauk, for your report. And I'm saying this, and I want this to be clear to everyone.

At one point on the reports, there was a question of what the ICC can do, and in one of the reports -- actually, this was the only one that actually filled out that part. It said, "nuture
(sic) an environment of confidence with its
constitutes that the utilities are actively engaged
with executing strategies to procure goods and
services from qualified diverse-owned businesses."

That is your job. This is not
something that I have made up, but you don't receive
a cookie for something that you should be doing.

When you go farther, as Senator
Sandoval says, moving the needle, that's when we give
you a pat on the back and say, hey, now you have made
some changes. And we'll get into that when we get
into focussing on structural impediments.

But right now, we're going to move
to -- I'm sorry. I am so sorry. Charles, I am so
sorry.

MR. CHARLES MATTHEWS: I think we pulled a
switcheroo.

CHAIRMAN SHEAHAN: Sure did. President
Matthews, my apologies.

MR. CHARLES MATTHEWS: If you need my time
back, I'll give it to you.

COMMISSIONER ROSALES: No, no, no, no.
MR. CHARLES MATTHEWS: Senator Sandoval has already acknowledged the great work that we did last year. Give us a passing grade and move on.

CHAIRMAN SHEAHAN: You switched seats there.

MR. CHARLES MATTHEWS: We did.


MR. CHARLES MATTHEWS: Good morning. Thank you, Chairman and Commissioners, for allowing me the opportunity to be here today.

Let me commend the ICC for continuing to provide a forum, a dialogue, on this important topic and for your innovation in utilizing effective and engaging tools like this panel for us to collectively move the needle forward.

And let me on a serious note, also, thank Senator Sandoval and Representative Thapedi for their encouraging words, their support over, at least, my tenure here, and, more importantly, for the continued challenge that was issued this morning. So thank you.
Let me also introduce a couple of my colleagues that are joining me here today to see firsthand what's going on in Illinois with this forum. From WEC Energy Group, I have Molly Mulroy, Vice President and Chief Information Officer, and Jim Schubilske, Vice President and Treasurer, as well as Gavin McCarthy, Director of Legal Services. They're in the back somewhere, so, hopefully, you will get a chance to meet them.

But thank you for being here today. Your presence is evidence of our significant enterprise-wide commitment to supplier diversity and inclusion within WEC Energy Group, and I'm thankful you're here.

The Peoples Gas and North Shore Gas Supplier Diversity Program exceeded diverse spending goals for 2017. This marks the second consecutive year we've exceeded our goal. Our accomplishments were the result of the execution of a deliberate strategic plan that was implemented three years ago to build a solid foundation for our program.

Going forward, Peoples Gas and North
Shore Gas intend on taking its vision of supplier development to the next level. While we plan to grow spend in 2018, let me be clear, I don't expect the growth rate to continue at the same pace as the last two years where we nearly doubled our spend.

In 2017, our initiatives focused on our partnerships in growing these diverse suppliers into stronger businesses to sustain a pipeline of successful diverse businesses for a stronger Chicago. Creating a sustainable process that will increase supplier participation is not just about the increase of quantity expanded.

Critical to this process is the development of additional skills improving service quality and business practices which will strengthen companies and add to their competitiveness. We are proud of the accomplishments we have attained since the inception of our program three years ago. We look forward to building on these successes as we help diverse companies become more competitive, financially stronger, and bigger contributors to our communities.
Our vision to achieve a premier Supplier Diversity Program is within reach, and we are confident we will get there.

Now, let me share some of the numbers that provide the basis for my confidence and the confidence of the entire organization that we will continue to grow and become a premier -- develop a premier SD program.

In 2017, we achieved diverse spending of more than 125 million dollars, which represented an increase of 80 percent over 2016 in a record spend of Peoples Gas and North Shore Gas. Of that 125 million, 87 million dollars was spent with minority-owned business enterprises, which represented an 85 percent increase over 2016. 37 million was spent with women-owned business enterprises, which represented a 69 percent increase over 2016. More than one million dollars was spent with veteran-owned businesses, representing a 48 percent increase over 2016. And 31 million dollars was spent with professional services, which represented an 87 percent increase over 2016.
And I am proud to report that we continue to conduct a majority of our business with companies located in Illinois. 87 percent of the 125 million was spent with companies located in Illinois.

If I could go to the next slide, I'd like to just quickly share just one of our many success stories, and that's related to the construction of our 20 million dollar People's Energy Training Center. UJAMAA Construction received the contract to be general contractor for the 20 million dollar training center. Not only were they the general contractor, but they also in partnership and at our direction achieved 93 percent diverse Tier II participation for the training center.

We are proud that that project has contributed to the significant growth, continued growth of UJAMAA, and they continue to do great things in this community and to secure additional work. And again, we're just proud that we were part of that and helped support that type of capacity.
building.

Going to the next slide, I would like to talk about what we focused on in 2017 and what we will continue to focus on.

By the way, that is not my prop going down the windows out there. We're good, but I couldn't plan that one.

CHAIRMAN SHEAHAN: This is the first time the windows have been washed in four years, so just be patient. This is -- we can actually see out.

(Laughter.)

MR. CHARLES MATTHEWS: I hope it's a diverse supplier out there.

(Laughter.)

COMMISSIONER ROSALES: Everybody wants to get a good view of this one today.

MR. CHARLES MATTHEWS: I couldn't resist. We will continue to focus in 2018 as well as area focus on capacity building and growth, and you'll continue to hear that throughout from all of my colleagues about the need to continue to build capacity primarily in the areas of construction,
engineering, and environment with a continued focus
on improvement in the areas of IT and legal and
finance.

To go to the next slide, I talked
about Peoples Energy -- Peoples Gas and North Shore
Gas SDI program striving for premier status. In the
that regard, we brought in an independent consultant
that came in, reviewed our program, provided us
with -- they did a squad analysis, provided us with
guidelines on how to continue building that program
to achieve premier status.

We are also in the process of
completing an Economic Impact Study similar to one
you'll hear about later on that was conducted by the
IUBDC, because as we've built up this program, we've
been counting dollars. What we want to do in the
future is make sure these dollars have the level of
impact that we expect these dollars to have. We want
to be held accountable, but I make it clear to all of
our suppliers, all of our partners, there's
accountability on both sides. We want to see these
dollars go back into our communities to make these
communities stronger. So we will be doing that.

In closing, let me just say that we are proud of our accomplishments since the inception of our program three years ago, and we'll continue to focus on all aspects of supplier sustainability as our foundation.

With that, that concludes my report, and I'll be glad to answer any questions that you might have.

CHAIRMAN SHEAHAN: Thank you, Mr. Matthews. Maybe we should do questions if we have any from the Commission.

COMMISSIONER ROSALES: Just one question. President, contract with 36 new diverse suppliers in 2017. You don't have to say it now, but at some point -- we can talk about it later on today, and we're going to talk about that. How did you do that? This is a nice success story. I'd like to hear how you went about doing that.

CHAIRMAN SHEAHAN: Before we move on to the next segment, I just want to again acknowledge the presence and leadership of Senator Sandoval and
Representative Thapedi, senator Martinez, Senator Althoff, I think, joined us as well.

As a former public official, I can testify that sometimes hard work isn't always easy to point to the results, and, you know, this is an area where just requiring reporting has resulted in, you know, two billion dollars of spend that hadn't been being made before.

So, you know, although everyone acknowledges that there's more work to be done, you really have done a tremendous job here that's made a huge difference in these communities and for these firms. So I just wanted to acknowledge that.

Also, I wanted to thank our utility CEOs. Often, when you're in this room, it's not delivering good news, and I wanted to acknowledge the good news, and thank you for everything you're doing.

The report that you do is mandatory, but your presence here today is not mandatory, and we want to acknowledge the effort that you make to be here and the commitment that you have made to be here and to be prepared for it. I think it underscores and
illustrates your -- not only your corporate
commitment, but your personal commitment to it, and
we are appreciative of that and we acknowledge that.
So thank you for being here.

So with that, we'll move on to our
next segment of the program.

ACTING COMMISSIONER PALIVOS: Thank you,
Chairman and Commissioners. My name is Anastasia
Palivos, and I'm an Acting Commissioner here at the
ICC and your moderator for Panel II, Newly Reporting
Entities.

The format of the panel will consist
of brief presentations by each of our panelists
followed by a few moments for Q and A.

Before I begin, I would like to
introduce our panelists. First you will hear from
Jennifer Spinosi, Vice President of Regulatory and
Compliance at CleanChoice Energy. Next we will hear
from Jim Steffes, Executive Vice President of
External Affairs at Direct Energy.

Please join me in welcoming our
panelists.
(Applause.)

ACTING COMMISSIONER PALIVOS: Jennifer, you are free to begin when you're ready.

MS. JENNIFER SPINOSI: Thank you. First thank you so much for the opportunity to represent CleanChoice and the newly reporting entities today.

For those who may not know, CleanChoice Energy is a renewable energy company that provides two products. We serve retail customers here in Illinois as well as in nine other jurisdictions, and then we're also involved in the community solar space, which is still a fairly nascent industry, and we're looking forward to opportunities to expand that here in Illinois as well.

One thing that I did want to share today is that CleanChoice, itself, is a small business enterprise. We have about 80 employees. We're growing really rapidly, and we do have a hiring commitment to diverse and female employees.

My CEO was actually kind enough today to defer the opportunity to speak here to me, and I
sincerely hope I'm not the only woman who represents these issues today. I think it's important to hear from women as well.

One of the first things that we did upon this new obligation was really recognize an opportunity to create a baseline this year in 2018. We've always had a commitment as a company to supporting small minority and women-owned businesses, but as a small business ourself, that has been something that's a bit difficult to track. So we're making a new commitment this year to do better in terms of tracking that.

We've created and circulated a survey amongst our existing vendors to identify those that we're already working with, and then we're also making a commitment on our website to, you know, let folks know that we are seeking diverse procurement opportunities, so that as new vendors come in, they can be identified at the beginning of that as well.

One thing that I want to encourage the Commission to consider today is that as a private company, we do also have alternative but
complementary goals. We're a Certified B Corporation, which means that we deliver on a triple bottom line, and we hold ourselves to a standard to do good in the community by reporting on social and environmental performances as well as procurement opportunities. So recognizing that -- our procurement from small and minority and women-owned businesses.

So recognizing that those two goals don't exactly coincide, we do feel that they are complimentary, and that's -- information on that type of reporting is something that we'd like to share with you in the future as well.

We'd also love to see an Illinois specific data base that's searchable that would allow us to identify more Illinois-based businesses. As I'm sure you'll hear from Jim as well, while we certainly do have a significant presence here in Illinois, we also do business in a number of other jurisdictions, and just like you all would like to see us procure and purchase more from Illinois, we hear that same thing from our regulators in all the
other states where we do business. So it's important for us to try to balance that effort across our footprint.

And finally, I'd just like to say that we as a small business are setting very bold goals, but we want an opportunity to be realistic and balance some of those goals and interests. So understanding that while we might set full goals, unfortunately, we might not be able to deliver on that every year.

We do look forward to setting the baseline this year, and then continuing our reporting in the future. Thanks.

ACTING COMMISSIONER PALIVOS: Jim?

MR. JIM STEFFES: Thank you, Commissioners. Thank you, Chair, other Commissioners. Thank you for having me today to address the Commission on supplier diversity.

First I'd like to start by giving you a little background on direct energy. We are one of North America's largest retail providers of electricity, natural gas, and services. Our parent
company, Centrica, is an international energy and services company based in Windsor, England.

We focus on providing customers choice and innovation where energy data and technology meet. We serve about 4 million homes and businesses throughout the United States and Canada and employ more than 4,000 people here. Our U.S. headquarters are in Houston, Texas.

We have a large presence here in Illinois serving more than 75,000 electricity customers and 35,000 natural gas customers. We would like that to be bigger over time.

Employees -- direct employees in Illinois, we employ 150 people here in an office in Oak Brook and an office in Buffalo Grove where we house our Home Warranty of America business, which provides customers with piece of mind around their homes.

We also have 21 franchise territories representing our three home services brands, Benjamin Franklin Plumbing, One Hour Air Conditioning and Heating, and Mr. Sparky. Wherever we do business,
here in Illinois or anywhere, we have an active, ongoing commitment to the community into ensuring we operate at a diverse mindset. It starts with our corporate parent, Centrica, which uses diversity and inclusion as key elements underpinning our long-term business strategy.

To this end and as it relates to this question, we have a dedicated liaison officer which develops and nurtures relationships with diverse spenders and suppliers. As part of this role, our liaison officer invests in a dedicated outreach program that includes external vendor training and support, internal training for individuals responsible for procurement, and sponsorship and participation in events and organizations dedicated to small and diverse business entities.

We track our company's annual spend on nonenergy-related costs with diverse suppliers based on an internal categorization at both the state and national level. Based on these internal categorizations, in Illinois, we believe that about 13.2 million dollars in 2017, which was around a
little over 10 percent of our natural spend on nonenergy-related costs for diverse suppliers.

Again, I keep nonenergy, because while we have about 15 million dollars of revenue in North America, a vast majority of that is buying energy from power plants or buying natural gas from energy producers. The nonenergy component is where we focus on our procurement activities.

In Illinois, under your defined supply categories, we spent 1.9 million in 2017 in Illinois-based companies. 42 percent of that spend was related to small businesses, 37 percent of that spend was related to minority-owned businesses, and 19 percent of that spend was related to businesses owned by women. We are committed to continue to identify and contract with small and diverse business suppliers wherever possible. We believe that diversity in the employees we hire and in the types of vendors we utilize is good for us and good for the communities we serve.

Our efforts to diversify our supply chain and the vendors we contract with makes us a
stronger, more capable organization. We look forward
to working with the Commission and other suppliers
and other utilities to offer our thoughts about how
our industry can continue to improve supplier
diversity here in Illinois.

Thank you.

ACTING COMMISSIONER PALIVOS: Thank you,

Jim.

In the essence of time, I only have
one question for both of you. You have this
reporting obligation and the goal of diversity for
your business. Is that a burden for your business?
Do you think that the obligations on you and other
suppliers restricts your ability to achieve your own
goals and to help achieve our broader goals in
Illinois?

MR. JIM STEFFES: The short answer,
Commissioner -- thank you for that -- is, no, we
don't believe that it's a burden on us. We think --
interesting that they were cleaning the window and
providing some transparency into the room today.

I think reporting is a great step to
make sure our companies understand what we can do and what we are doing, and I think it gives a lens into our industry and into the companies that choose to help foster growth in the communities and foster positive growth in the communities.

It's not a burden. I think it's good. It's the first year that companies like ours have had to do it. I think even doing the report this year we learned some things, and I think there's things we'd like to do more with the Commission and with other groups here in Illinois to do that.

Again, we -- I'll reiterate what Jen said. We're headquartered in Houston, so we're not an Illinois-based company. We do have employees here. We have customers here. We see this as an important community we want to serve. So we have to balance the broad group of states and localities that want us to bring more efforts to their local governments.

Thank you.

MS. JENNIFER SPINOSI: Sure. And I absolutely agree. We don't see this as a burden. We
1 really see it as an opportunity to offer this
2 information to the Commission, and I don't think that
3 it will inhibit companies' ability to achieve their
4 own goals.
5
6 I do think it's important to
7 recognize that individual companies might have other
8 corporate goals that are complementary as I discussed
9 earlier with the B Corp. certification. So it might
10 be helpful in the future to allow other companies to
11 report on that type of information as well.
12
13 ACTING COMMISSIONER PALIVOS: Thank you.
14
15 Chairman, Commissioners, do you have
16 any other questions?
17
18 (No response.)
19
20 ACTING COMMISSIONER PALIVOS: On behalf of
21 the Commission, I'd like to thank you both for
22 educating us and reporting to us.
23
24 COMMISSIONER ROSALES: Thank you,
25 Commissioner Palivos, for encouraging that discussion
26 with some of our newly-reporting entities.
27
28 Our next panel will focus on the
29 concept of structural impediments to achieve supplier
diversity goals and ideas for how to best overcome these challenges.

I will now turn things over to our first presenter. Here to provide a brief perspective of the utilities and the challenges they face is Byron Witherspoon, Director of Supplier Diversity at Ameren.

Byron, the floor is yours.

MR. BYRON WITHERSPOON: Chairman Sheahan, Commissioner Rosales, Commissioners.

On behalf of the IUBDC member utilities, thank you for the opportunity to highlight what we believe are impediments that affect outcomes for diverse business participation with the utilities.

What I will share with you are a few points that represent the collective wisdom of the utilities learned over time recognizing that each utility may have other nuanced impediments not discussed here today. So let's get to it.

We group our list of impediments in three specific categories: Utility industry, one;
two, business finance bonding and operations, that's two; and local market forces. That represents the aggregate influence of business demands in our market.

I'll start with utility industry. We believe the utility companies' key categories of work where the majority of dollars are spent are in highly mature markets with high barriers to entry. Specifically, profit margins are low, the capital costs of equipment are high, and the value for the safety of people working on our systems are not compromised. This makes it very challenging for suppliers regardless of diversity.

Also, to be fiscally prudent, utilities must balance internal costs with customer costs and provide more opportunities for diverse businesses to compete for contracts. What happens is the utilities may reduce the size of some contracts to provide more suppliers opportunities to bid. However, this approach can conflict with current utility procurement practices in which buyers source from fewer vendors.
Under the business finance and bonding operations category, it's been our experience that economies of scale can be achieved by larger suppliers, can make it difficult for qualified diverse suppliers to compete on costs. To talk specifics, the specialization of labor and more integrated technology and equipment boost production volume and lowers per unit cost of larger suppliers positioning those suppliers for greater frequency for success.

And then, of course, you hear the conversation around capacity and access to capital, lines of credit to support diverse business growth with the utilities is also an impediment.

When we talk about local market forces, again, we're talking about those external factors that represent the aggregate influence of business demands in our market. For example, strong barriers to entry, like union requirements in Illinois, may restrict utilization of suppliers who specialize in the core business in other states. So we may have suppliers doing work in other states that
don't have the union requirement that restrict their ability to work in Illinois.

Market pressures to increase diverse participation encourage opportunities to gain diverse spending. What do we mean? Pass-through spending when too few diverse suppliers have capacity to scale and dollars are run through those suppliers.

Another factor includes multi-industry demands for diverse participation. We know that other industries are also competing for diverse suppliers and pulling from the same resources of suppliers that we have making it difficult for any one utility to enjoy increased participation.

We've also seen high concentration of diverse suppliers in common categories. Categories like engineering, staffing, others compete for the same work with few niche suppliers.

These are but a few examples of impediments that the utilities have experienced over the years that we think affect the outcome of how diverse suppliers engage the utilities.

That's all for my comments.
COMMISSIONER ROSALES: Commissioners, Chairman?

(No response.)

COMMISSIONER ROSALES: Thank you, Brian.

Thank you so much. Thank you for summarizing the common challenges cited by utilities in meeting our supplier diversity goals.

We're next going to pivot to the diverse supplier prospective and that of various agencies in Illinois engaged in assisting diverse businesses to connect with utilities and other contractors.

Each of the six presenters will have three -- three -- three minutes to describe their thoughts on structural impediments to advancing supplier diversity.

Would these presenters please come up, please?

George Medellin from Medellin and Associates.

Richard Dent, RLD Resources.

Jaemie Neely of Women's Business Development Center.

And Sheila or Phil --

A VOICE: Phil.

COMMISSIONER ROSALES: All right. Phil Barreda, Chicago Minority Supplier Development Council.

Have a seat, please.

Give me a round of applause for our panel, please.

(Applause.)

COMMISSIONER ROSALES: George, you're first. Please begin.

MR. GEORGE MEDELLIN: Good morning. I'd like to thank the Commissioners and the officials as well as all of the stakeholders involved in this hearing for having us here today.

Our firm, Medellin and Associates, has about 14 years of experience in the utility industry with everything from diversity consulting recruitment to staffing and human capital consulting
with 24 overall of years of experience with a myriad of companies but --

CHAIRMAN SHEAHAN: Sir, maybe if you pull the mic a little closer to you.

MR. GEORGE MEDELLIN: I'm sorry.

I promise I'll stand on my three minutes, but what I have seen over the last 14 years as it relates to how utilities make decisions, my main message that I would like to get out to diverse suppliers today is that you cannot limit your marketing and relationship activities to the wonderful people who run the supply diversity programs at the utilities.

You have to be more assertive and be involved with the organizations that really monitor what happens in the utility industries along with places where the large primes attend meetings.

For example, the Edison Electric Institute, the American Gas Association, American Waterworks Association, FERC, and other -- those are the major organizations where you will find the primes that do what you do. You may have an
opportunity to partner with those primes, but more
importantly, those regulatory organizations and those
professional groups have functional specific meetings
on sometimes a quarterly or annual basis where, say,
for example, if you're involved with finance, you can
meet the decisionmakers within the utility who decide
what finance organizations invest the money of the
corporation where you may not see that person at a
supplier diversity event.

So my only mentioned today is that
the diverse suppliers have to be more creative and be
in the places where the decisionmakers are.

CHAIRMAN SHEAHAN: Thank you.

Cindy?

MS. CINDY GUSTAFSON: Thank you for
allowing me to come here this morning to speak to all
of you. My company is J.A.C.K. Contracting Services.
We're basically a vacuum truck service, and that's a
product that's used by almost every utility company
that's here today.

We founded the business in 2005, and
I'd say in the past five years I have really tried to
focus on working for utility companies.

I'm a small contractor. I'm between five and ten people so -- and a woman-owned business. A few -- and I have worked with some of the utility companies, but it's been a week or two here or there. Some of the problems that I found are access to the information on what projects are out there.

I'm signed -- I go to all the outreach events. I signed up on the portals. The way the codes are and everything, I hear of very, very few opportunities for myself as a prime, which is okay, because most of what I would do would be a subcontractor. But even at that, I don't know what jobs are out there to even try to, you know, talk to the primes. Again, I go to the outreach events, some of the matchmaking sessions.

One of the other obstacles is that prime contractors are pretty comfortable with the DV subs that they already have.

Another thing that was mentioned by the -- by Byron was that I'm a -- if I'm working on a IDOT job, I'm certified for vacuum truck services. I
can only get credit as a minority business doing those services.

With the utility work, what I have seen is somebody could be certified as a landscaper, and then all of a sudden they're doing vacuum truck services, they're paving. You know, they find -- which I get it. They're comfortable with that contractor. But that's definitely a problem and that decreases the opportunities for those of us that actually work in that category.

One other thing that's been a problem is I have bid as a prime on a couple of contracts. Your procurement people are very helpful prior to the submittal. Afterwards, I'm trying -- one job took me two years. I assumed I didn't get it, but it took me two years to actually get a debrief. Okay, I'm a small contractor. I didn't get the job. That's fine. Was it my pricing? Was it capacity? You know, was it my presentation?

So I would suggest if you could encourage a debrief or at least a timely notification to the unsuccessful bidders. Because sometimes --
there was one larger job, and it actually was
impacting work that I was bidding on, because I
didn't know if I got that job, and it took six months
to find out. That's a problem. And again, I would
like the work, but I need to know where -- you know,
some feedback would be helpful.

And about the only other thing is,
again, it's sort of a barrier. All of the utilities
have specific safety -- the work is different. I
understand that. But it is -- for a small contractor
to send union laborers to training, you know, job
specific training, it's fairly expensive. And so
it's sort of a chicken and egg thing. You don't want
to send your people unless you get a job, but you
can't get the job sometimes if you don't have the
training.

And also again, to encourage primes
to use new subs, which I think somebody had mentioned
earlier. You know, instead of using the same --
increasing the dollars, but actually to try to bring
more contractors into the program.

Thank you.
COMMISSIONER ROSALES: Thank you.

Jaemie?

MS. JAEMIE NEELY: Thank you.

Good morning. Thank you all, fellow utility companies, for offering your dedicated support and commitment to the small business and diverse community, business community.

My name is Jaemie Neely. I'm the Director of the Procurement Technical Assistance at the Women's Business Development Center, a 32-year-old organization committed to supporting small businesses and advocating for women entrepreneurs. Our services are open to both male and female business owners.

For the purpose of today, we are also a certifying agency under WBENC, Women's Business Enterprise National Council, and so all of the conversations about these WBE firms, we work with the corporate partners such as the utilities to help them fill their pipeline of qualified, established WBE firms. Beyond that, also minority and veteran-owned businesses as well.
We're unique such that we're in the middle. We're often the technical assistance to the suppliers, but we also have a great relationship with the corporate partners, so we hear from both ends.

The three structural impediments that I'm going to mention today is actually three pillars that the WBENC stands on. That's access to capital, access to contracts, and access to contacts.

It's been mentioned a couple of times, small businesses have a hard time learning of the opportunities. When they do learn of it, it's almost too late for them to respond to it and bid on it and gather the partners and gather the finances necessary to successfully operate on that opportunity. So that becomes one barrier for us.

Two, as mentioned, the contacts. We engage -- and the utilities are very supportive, and they show up for most of our events, and they engage. But oftentimes, these aren't the decisionmakers. These are the supplier diversity representatives, which we appreciate, but sometimes our small businesses need access to the decisionmakers or the
internal buyers.

And, of course, the capital. Whether they're the prime or the subcontract, oftentimes, they're delayed payments, or it's just a cash flow issue in which they receive payment, which also creates an additional barrier for them to operate and sustain these contracts and scale their businesses appropriately.

So in short, the three structural impediments that we experience with our WBEs, minority-owned businesses, and veteran-owned businesses, access to capital, access to contracts, and access to the appropriate contacts.

Thank you.

COMMISSIONER ROSALES: Thank you.

Jorge?

MR. JORGE PEREZ: Good morning, Mr. Chairman. Good morning, Commissioners. My name is Jorge Perez. I'm the Executive Director of the Hispanic American Construction Industry Association, and I'm joined here by our Board President Ivan Solis of Solis Construction and Sandi LLano from Sandi
Llano and Associates, and there's several of our members here as well.

Over the past several years, we definitely want to commend the utilities -- I can start off by this -- by the journey that they have taken us on. The legislation that got us to this point was something that we championed with Senator Sandoval and our strategic partner, the Federation of Contractors, Beth Doria, is here as well.

The intent of the legislation in our thinking was opening up new markets for our members, opening up new markets for minority women businesses and veteran-owned businesses, and we're very, very delighted that this two billion dollar market is a new market for our members. Many of our members have worked for the most part at public works projects, whether it be at the state, at the tollway, at the city or at the county or various municipalities. This has really provided wonderful opportunities for them to build capacity.

Our members have gotten more work with utilities. Several years ago, if you recall,
the trajectory was fairly low, but now it's a
different conversation, and that's a big positive to
this. That was the strategic intent, to have a
different conversation with the utilities.

You now hear the -- I guess the adage
or the sound bites of this is something we were going
to do. It's part of our culture. And that was part
of the intent.

There's still some challenges here in
terms of -- as our colleagues have mentioned, in
terms of it's never a question of the actual
technical aspects of what our members both in
professional services and construction can provide
the utilities. It's these other aspects of it. It's
the business plan. It's the insurance. It's the
safety plan. It's the bonding requirements. It's
never do they know how to connect the wires, do they
know how to do cad drawings, do they know how to do
civil engineering or electrical engineering. It's
never that.

So along this journey, there has been
a lot of capacity building for our members and the
opening up of additional opportunities; be it
smaller contracts, breaking up of contracts,
mentor-protege initiatives. These are all
initiatives that we talked about early on, and we're
very pleased, as I said, that the cultural change has
definitely happened.

We still haven't heard whether or not
some of these individuals who are the decisionmakers,
how they have done in terms of -- and I think I
mentioned this before. Earlier this year, we had a
professional services panel where the utilities did
participate. There's never an answer as to whether
or not some of these individuals -- and that's not
what we're really looking for -- are released from
working at these utilities.

Part of the cultural change is the
staffing changes, it's the staffing training, it's
the staff development. We never hear whether these
individuals leave or not. It's those individuals
that are making the critical decisions that really,
we believe, hold up a lot of this process, a lot of
the selection process. They become the gatekeepers
and the selectors of this.

I would also add that -- as a note is
that one thing that's really improved upon the
marketplace for not only our members, but the
minority women of this community. Is that the
utilities pay pretty well and they pay pretty
regularly, and that's one thing they need to be
commended on. If it wasn't for them paying so well,
you don't see the growth in these firms over the last
ew few years and their ability to do work in other
markets.

Part of what we've been doing at
HACIA along with FWC is similar legislature for
hospitals. Senator Sandoval talked about Class 1
railroads. A lot of those firms that are receiving
tax credits, a lot of those firms -- and I mentioned
to Byron earlier -- are where the utilities were
several years ago, almost the exact, same
conversation.

But we believe that the utilities'
ability to use our members, use minority-owned
business firms, has given an opportunity for our
firms to work in these other marketplaces as well. So that impact really is multiplied even more and that's one thing that I think the utilities should be commended on as well.

But definitely from the standpoint of you've got individuals who are working with utilities, if they're provided more work, more opportunities to grow their businesses, add more employees, you'd see a much more direct impact.

Thank you.

COMMISSIONER ROSALES: Thank you.

Phil?

MR. PHILLIP BARREDA: Good morning, Chairman. Good morning, Commissioners.

My name is Phil Barreda. I represent the Chicago Minorities Supplier Development Council. We're a 51-year organization. We're also very much like WBDC, the women's. We certify and support, also, the middle, I would say the three-legged stool part of the corporations, the MBEs and, obviously, ourselves.

So the question -- and I do have to
kind of resonate some of the concerns, the
impediments that we've had, and definitely capital is
one of those. Access is definitely.

But most important to me, what I
think is the differentiator is that -- the bundling.
If you put things in a huge, you know, billion dollar
contract or even a 20 million dollar contract, it's
very hard for MBEs to participate in some of those
opportunities.

I know that some -- it's very hard
for some other corporations to unbundle some of those
large contracts, but basically, that's one of the, I
would say, biggest impediments that small MBEs and
WBE companies have is being able to match. Because
when you're talking about some of the access to
capital, we're talking about bonding. We're talking
all those things that come with it.

And so ideally, it's important for us
to think about how we can, at least, open those
opportunities to smaller -- the small capacities or,
I should say, unbundling some of those large
contracts.
And I also want to echo one other item, and that is I would say the success that this, basically, ICC has done in bringing legislation to have the utilities -- I think they have done a great job. In the last three, four years, this is something to be definitely commended.

The question is how do we move to the next level. What are we doing about the railroads? When I just heard Senator Sandoval about giving them 30 minutes with basically no representation from the top, that's somewhat discouraging to hear that. So I hope that we can change that and make other areas that -- the railroads behave this way. Because I think this is exemplary.

And not that -- like somebody said before, Senator Sandoval said, we're not there yet, but definitely, it's better than three or four years ago. So I'd like to continue this, I would say, success, but in other industries as well. So I hope the Commissioners and the ICC looks at this as well.

Thank you.
COMMISSIONER ROSALES: Thank you. Thank you all for your insights.

Commissioners, do you have any questions?

(No response.)

COMMISSIONER ROSALES: Phil, I agree with you on the bundling, and that's one of the things that we talked about before. We understand responsibility and the time involved, the efforts to have a contract that's 20 million dollars and you break it down to 4 million so that now you have five suppliers rather than one, but it multiplies the amount of work by five.

So we understand from a business perspective, it's difficult, but that's -- when we talk about moving the needle forward, that's what we'd like to see. So I certainly understand that.

Richard Dent had to leave due to an emergency. His testimony will be written, and it will be on our website.

Commissioners, are there any more questions before we break?
(No response.)

COMMISSIONER ROSALES: We will take a five minute break. Five minutes. Five. Five.

(Laughter.)

COMMISSIONER ROSALES: See you in five minutes.

(WHEREUPON, a five-minute recess was had.)

COMMISSIONER OLIVA: Okay. Great. We'll get started now.

Good morning, everyone. Welcome back from the five-minute break.

What we have heard and what we'll continue to hear is that an increase in supplier diversity spending is in the public interest. It's necessary and expected. I celebrate the successes and collective milestones of all the utilities in increasing supplier diversity spend, and do understand that this initiative goes beyond reporting to the Commission, that it is, in fact, part of their corporate culture.

I implore the utilities to prioritize
the prior diversity spend in professional services and strategize outside the box to make it happen.

So to develop this conversation, on this panel, we will first hear from IUBDC professional services firms and assist agencies. So please welcome Jennifer Morrison on behalf of the IUBDC, who will provide insight on the challenges utilities are facing with diverse suppliers in the professional services area.

MS. JENNIFER MORRISON: Good morning. Good morning, Commissioner Sheahan and Commissioners. Thank you very much for allowing us to be here to present some of the challenges with professional services on behalf of all the utilities in the IUBDC.

Today I will discuss three categories of challenges. And these categories are representative of the collective responses of all the utilities, and some of our most important, but of course not all, and also note that there are some nuances with these challenges from utility to utility.

So these responses are categorized,
again, three specific categories, utility specific expertise, lifecycle, and industry forces. So I'll first start with utility specific expertise.

And in this category, in some professional service sectors, the capacity building of diverse suppliers calls for an expanded level of engagement by the utilities and the service providers through mentoring, training, and development.

An example of that would be with our legal services where most of the services are very focused on the regulatory area, again, calling for that specialized expertise.

Another challenge would be the diverse professional service providers portfolio of experiences need to include utility specific expertise as it relates to federal regulations, policies, and industry methods which make proposals less specific and competitive.

And lastly, the limited access to capital to grow beyond their current capacity.

In the next category of lifecycle, the challenge is to maintain service consistency for
the utilities. Professional service contracts are longer in duration, so the opportunities to bid on these services are obviously less frequent. And again, it points to the consistency as we want to ensure for some of those critical services on the path and the service deliverable to the provider. We talked about the whole lifecycle needing to be longer to maintain that consistency.

And the last category of industry forces. Professional service opportunities are limited as the majority of spend is on construction-focused activities, greater ambivalence to follow through on the process of becoming a certified diverse business, and viewed as less qualified in professional networks.

Another challenge is that we have a -- not a public bid notice for utility opportunities and business segment buy-in to explore utilization of diverse companies in key professional service categories.

And the last challenge in this category for industry forces is that the utilities
are encouraged to increase spending with diverse law firms; yet, many utilities seek to reduce spending on outside legal counsel in order to reduce cost for customers.

So in that last challenge, in that last challenge, we use law firms as an example, but that really mirrors the balance between making sure that we're increasing diverse spend while also lowering cost for our customers, making sure that we keep that balance.

And those are the collective challenges that we have developed on behalf of the professional service categories.

COMMISSIONER OLIVA: Thank you, Jennifer, for giving the IUBDC perspective.

And to provide insight and challenges for suppliers and potential solutions are Homero Tristan, Susanne Moncrieff, Martin Cabrera, Wilbur Milhouse, John Scifers, and Joseph De La Garza.

We'll start with Homero Tristan.

Thank you.

MR. HOMERO TRISTAN: Good morning,
everyone. My name Homero Tristan. I'm with the law
firm of Tristan and Cervantes. We are a 100 percent
minority-owned firm, 100 percent Latino-owned firm.

CHAIRMAN SHEAHAN: I think your mic is
still not on. There you go. Thank you.

MR. HOMERO TRISTAN: Prior to opening my
firm about 16 years ago, I had worked at the National
Labor Relations Board as a federal prosecutor, then
with a large law firm here in Chicago. I say that
because in those experiences, I worked with the best
and among the best, and I was able to partake and
learn in doing that.

I decided to open my own firm,
because I felt that there are services that I could
provide not only to the Latino community and Latino
business owners, but generally to everyone. And so
about 16 years ago, I embarked on this mission to do
that.

And I can say that the status of our
firm is healthy. We've been able to survive for 15
or 16 years thus far. But I can tell you that
programs such as the ones that the utilities are
providing for firms like mine are going to help us to continue to build capacity. Because ultimately, doing well and being able to build capacity for the future are really what we need to focus on as business owners. It's not just about survival for this term, but it's about survival and doing well and thriving, so that you can give opportunities to other diverse suppliers in your field.

So some of the impediments that I have seen in my years as a certified firm are companies that ignore to have a true commitment, a true culture, and a true compliance. So with those, I believe that -- you know, those are the ones that need to be attacked by each CEO and by leadership in a meaningful way.

And so I'll start with commitment. The commitment must be not only to identify and to help to grow diverse firms, but also to understand that by identifying them, they have to give meaningful opportunities, and they have to help to really build a robust partner, and they have to see them as partners versus vendors, and that will lead
to more success.

The culture is one that if there's change in leadership or if the CEO goes on to a different position, that idea of diversity is truly a cultural thing throughout the organization, not just at the top levels, but on down to some of the buyers who are in the field making the decisions day to day. So that culture throughout the organization is critical.

And then compliance. Making sure that they're reporting the numbers as they're coming before the ICC, to give you those numbers, and when you say, we'll see you next year, please provide us these new metrics, that they actually live up to that and they do it.

One of the things that we've heard in the past are, well, there aren't firms that are experienced in this area. You have never done these types of cases. You have never gone before the ICC. And those are all true, and that will continue to be true unless there's opportunities created.

And so last year, one of the
utilities partnered with two firms, my firm as well as another firm that's certified, and they said, we've heard those excuses. In fact, we may have said those excuses ourselves. But we're saying, you know what? It's enough. Because we continue to say to the ICC that we can't find diverse providers.

What they did is they developed a program where they are teaching us. They are training us. They're investing in us, and we in turn are investing in them. So that's a program that you saw that was highlighted by ComEd earlier and by the CEO, and no one applauded because it showed that they made a commitment to us by training and working with us and giving us meaningful opportunities.

But we, in turn, also were prepared, and we've answered the call, and we've invested. We spent not only 21 hours in training, but we've done our own additional reading. We've invested in joining organizations that continue to teach us so that we can begin to be prepared so that we provide services.

And they have given us meaningful...
work before the ICC, and it's those types of commitments that are completely embedded within the culture of ComEd, for example, that has allowed our firm, at least, to be able to say that we now have the ability to come before this body as a regulatory lawyer and the excuse of the past to say there aren't a set of firms out there that can help us be diverse, so, therefore, we can't give you that type of work.

And you have to have organization in the company to say, you know what? That's enough. That may be true that there are none that have that experience today, but that can't be our excuse by which we live. We have to create opportunities, and I believe that programs like that are going to help overcome some of those obstacles.

In closing, I want to say that the importance of diversity, I believe, is reflected in the positive that it brings about, and I think that was reflected in one of the comments earlier today, that the numbers and the metrics by organizations with an increase in diverse spend only show that
diversive -- having a diverse workforce, having diverse vendors actually makes you a better company.

So I think that companies should look at the idea of diversity not as something that they have to do in order to comply, but as something that they want to do, that they continue to improve and be a better organization regardless.

COMMISSIONER ROSALES: Thank you.

COMMISSIONER OLIVA: Thank you.

Next we'll hear from Susan Moncrieff.

MS. SUSANNE MONCRIEFF: Thank you for the opportunity to be here. I really appreciate it on behalf NAWBO and women and diverse women business owners.

I have been in business for 29 years, and I come from a background at General Motors in procurement, and I'm sad to say that I don't see enough change happening over all of these years, and I'm really hoping that from events such as this, that some of the companies will -- I do work with some of the Fortune 500 companies, but I have to admit that when I have gone online and registered for many of
the utilities and some of the other large corporate customers, it just falls into a black hole.

    And as a small business, we spend a lot of time and effort putting those applications together. I would love to see something change in terms of how you respond to those, because it feels like it becomes futile.

    I didn't become certified until about 11 years ago, thinking I didn't need to be certified. I'm really good at what I do. Why do I need a certification? Well, I found a lot of doors slamming in my face at that time, so I did get certified, and most recently, I got a BEP certification, but it just does not seem to make a difference.

    And believe me, I do as much networking as I possibly can. I have been a member of NAWBO, which for those of you who don't know, is the National Organization of Women Business Owners. I have been on the board. I have been very active. And I love what I do, I know what I'm doing, and I would love to see more opportunity.

    I think that companies and utilities
need to take more risks with companies such as mine and other small businesses. And I can reiterate some of the other comments about lack of access to capital, lack of contracts.

And I think companies should consider the possibility of more deposits for small businesses, because we, unfortunately, don't have unending revenues, and it would help us be viable to more of you by allowing us to get deposits.

So thank you. Those are my comments.

COMMISSIONER OLIVA: Thank you.

Next we have Martin Cabrera.

MR. MARTIN CABRERA: Good morning, Commissioners. Thank you for having me.

Just to give you a little background on our firm, we are an investment bank and institutional brokerage firm. We're headquartered here in Chicago. We're one of the largest Latino firms in the country, and we've underwritten over 400 billion in corporate debt here in the U.S.

We have international operations as well where we're trading bonds and stocks in Europe.
as well as Asia and Latin America.

We've been fortunate to work with several companies. I know ComEd is one and, also, Peoples Energy and just given those opportunities, which I think is key.

And when posed kind of the question, what are some of the challenges, I think the challenge for most firms is getting in the door. And I kind of use the example, I was a Mexican kid growing up on the southwest side of Chicago. So on basketball games when people were having pickup games, I wasn't the first one to be picked up for the team, but it wasn't until you get an opportunity —

COMMISSIONER ROSALES: You fouled all the time.

(Laughter.)

MR. MARTIN CABRERA: I got called for a few balls.

But it wasn't until you got an opportunity to play that people saw and you could demonstrate kind of what you had to bring to the table and how you could add value to the team.
I think that's one of the key kind of things to focus on. As long as firms are getting those opportunities to compete for business and bring kind of their value add, those that are really good will rise to the top, and that's meritocracy, and I think those corporations will recognize that. I think it's something that continues to happen.

Illinois has been that example. And we have seven offices around the country, so we spend a lot of time with different legislatures and PUCs in different states as well. They ask us, what are the best companies out there, what are the examples, and we tend to turn to those in Illinois as well.

I think California has had some best-in-class examples where they have started to allow -- they have taken what we have done in Illinois, but they have allowed some of the minority firms to lead transactions for those major corporations. They had to get an opportunity to participate, but once they did, they demonstrated that they can kind of rise to be a prime kind of position in some of those transactions.
But I think, also, when the corporations give those opportunities to minority and women-owned firms, you have seen them include others as subs. I think one example that we've had in our real estate group, and they're running three and a half billion in institutional money for major pension funds and union funds and corporate funds as well. We recently submitted a bid, but for a bid in this redevelopment, Milhouse was part of the team as well. We had other architects and engineers that were Latino as well as African American and women-owned businesses as well.

So we know who is our best in class and who is going to work hard. So it's that work ethic that you're smaller, you're under the radar, and you know that there's a lot of scrutiny, so you have to perform. But that pressure is good, so you have those smaller businesses working harder to make sure that you perform on there.

So the challenges will always be there. It's getting the opportunity, I think which is key. I think for those who have gotten
opportunities, we've excelled, and some companies make comments, like, wow, you guys are really good at what you do. We're like, yeah, that's what we've been doing for 26 years. You know, the positive comments are that our bankers are coming up with ideas that they're not hearing from the Goldman Sachs and J. P. Morgans of the world.

So part of that value add that we have to constantly kind of try to bring forward whenever we're meeting with different corporations, but to give us an opportunity to compete for the business. And if we don't do well, it's easy. Don't use us next time.

But I think kind of there's a lot of minority firms that have done well and that have risen to the top and now are in the position they can be prime and lead some of the transactions out there.

But I think, also, one of the things that may be missed by some of the corporations is that because they are being inclusive, and even for the Aspen Institute, they were focusing on this
area of professional services. It's investment banking, the mergers and acquisitions, the lawyers, the IT where the biggest margins are at. That's where you start to get the disparity gap to start to close.

But they're asking who are some of the best firms out there, and in their survey, you know, by far, it was ComEd and Exelon. Exelon has one of the most diverse pension funds in the country. ComEd has one of the most robust kind of programs. And all the others as well, even for Peoples Gas and others, they're looking at it to say, okay, if it can be done there, how is it value add, because at the end of the day, it's going to be those corporations that are benefitting from it, and it's going to add to the bottom line.

I think one of the things that they may not see and realize is that some of their biggest shareholders are kind of some of the money management firms, Black Rock, T. Rowe Price. So some of the pension funds, CalPERS, New York Common, New York City, they're, in essence, the biggest shareholders
of some of the utility companies. But what they're doing is actually a lot of positive ways that they could be using for their benefit and even for corporate governance issues and as they have diverse members on their board.

So there's a lot of good things that kind of come from just not allowing -- it's not a token minority thing, but it's actually value add. And those smaller firms are going to be working hard to make sure that they don't lose that opportunity and that they're invited back.

So overall, it's a great benefit.

But I think as you kind of look at the professional services, who is managing the assets in their pension fund, it's usually the largest of funds in any corporation. Also, who's doing the bond deals, who's doing the mergers and acquisitions, what are the fees being paid out for some of those deals.

It's something that's key that is rarely talked about. It's probably the least talked about, least known, but it's the biggest pool of money for any corporation.
And, you know, I commend you for all your efforts, because you'll look back on what you did as Commissioners, and it will set a precedence, and it will kind of continue, but it will open up the doors for a lot of smaller businesses to compete.

So thank you.

COMMISSIONER OLIVA: Thank you.

Next we'll hear from Deavay Tyler from the Illinois Black Chamber of Commerce.

MR. DEAVAY TYLER: Okay. First of all, I want to thank the Commission, the Commissioners, the utility companies that are actually here.

My name is Deavay Tyler. I'm the Chief Financial Officer and Managing Director of Member Engagement for the Illinois State Black Chamber of Commerce.

We've been in business since 1992, and we represent 144,000 black businesses in the State of Illinois. So we know what the challenges are. That's one of the reasons that we're having this conversation now.

So let's really talk about the
solutions. What I did, I started out with four points, but after hearing some things that people said, came up with seven points, but I'll keep it real short.

The first thing, let's talk about infrastructure, things that the utility companies can put in place. Number one, a buying plan, six months, 12 months, 18 months. What are you going to be procuring in the next six, 12, to 18 months.

The next thing, relationship building beyond the list. We have a lot of people who have a lot of lists put together, but who do we know that's on the list. Because if I just see a company, know that they're certified, see their name, if I can't pick up the phone and call Susanne or call Homero, call Martin and say, hey, this is my need, and your name is on the list, you'll never get the call.

The next thing is what I call trust fall, which is once you actually get to know the person, you feel like that you're going to be able to do business with them, because people do business with people that they know and they trust. So I have
an indication that I might trust this business. You don't start out with a
10 million dollar contract. Where is the 25,000, 100,000 dollar to put out there to see do they
complete their product and service on time, on budget, with integrity, and that's how you start to
build relationships.

The next thing, really look at your
culture and the buzzwords you have. I know we're
going wrong when I'm sitting down with some of our
potential trade partners, and they say, we'll want
some of your companies to participate in the
procurement process. Ooh, bad words. What I really
would like to hear is not participate in the
procurement process, but I'm ready to do business
with, two totally different things.

Participate in the procurement
process means sign up on my list, stay certified.
Every year you go out and make sure that nothing has
changed about you and your company and maybe we'll
get to you. Doing business with is a commitment to
figuring out a way to create opportunities or find
opportunities for the minority and women-owned
businesses that are on your list. That's what I call
the infrastructure. Those are those four points.
Now, the next thing is a gut check or
just your measurables. To something that Senator
Sandoval talked about, I call it year-to-year growth
challenge. Register vendors on your list and real
relationships you build with people that are on that
list, and then, also, who are you doing business
with. So if you have a thousand people on your list,
how many do -- your company, how many do you actually
have relationships with and how many can you say you
have done business with fiscal year '17 versus fiscal
year '18. That's kind of a bottom line. Are we
moving the needle in the right direction.
The next thing is making sure that
it's a culture change. We've got division at the
top. What's happening with the people on the ground
making the procurement decisions. Because if you've
got the vision, you understand what you're doing. If
the people that are actually making the procurement
decisions are following your vision, there's a gap.
So different things, are you really activity based, which means we're doing a lot of stuff, we have a lot of outreach events, or are you results based. How many X millions of dollars more are we spending this year versus last with minority-owned companies.

And then the last thing is, once you have done all this and you decide that you have done a great job at your respective company and you decide to turn over the reins to somebody else, it's a travesty if you leave and the legacy leaves with you. So what have you done to create a sustainable, scalable, duplicatable model that you can hand over the reins to somebody else so they can keep on going. Because if your legacy leaves with you, it really wasn't a legacy, and it will be started back over again ten years from now saying the same things, well, how do we figure out how to do business with diverse suppliers, which is a huge travesty.

I thank you all for your time, and I'll pass the mic on to the next person.

COMMISSIONER OLIVA: Thank you.
Wilbur Milhouse.

MR. WILBUR MILHOUSE: Good morning, Commissioners. Thank you for this time.

My name is Wilber Milhouse, Chairman, CEO of Milhouse Engineering and Construction. We have been around about 17 years, full service engineering firm, construction company, with about 200 employees. I think we're ranked -- in the State of Illinois of all of the engineering firms ranked number 15.

Some of the challenges that we see related to doing work in the utility space specifically is having an opportunity and just really, just being able to get in and break into -- being able to do multi-facets types of work that's going on as well as getting that and gaining that experience.

So a new firm getting into the utility space, typically won't have that experience. So how do you get it? Either it's through your talent, going out recruiting other talent, or acquiring a firm or learning from potentially the
source that you're working for.

Another challenge is many of the firms that already are doing work in that space, especially the engineering space, don't necessarily have an appetite for wanting to have other firms be a Tier II to them. They typically want to keep all of that work to themselves.

The last challenge is just being able to forecast what's going on. So some of the things that I've encountered that's been great for us as we continue to, over the last nine years, try to work and do work in the utility industry, Nicor was one of the first companies to reach out to us and decided that they would train us. So they reached out. They said we'll bring you guys into our office and train you. So that was our start into the utility space, which enabled us to work for multiple other gas utilities.

ComEd has a developmental EOC. EOC stands for engineer of choice. And they put us on the list as a developmental EOC. So normally, they go through a big procurement process that is very
challenging for any small firm to compete against, 50, 100 year old firms.

So they created a developmental EOC, which allowed us to be participating just like the huge firms that have been around for 50 years that we can participate on some of the same projects and programs.

The last thing that we saw as a positive with Peoples is they participated in a program called Five Forward, where we're able to talk and talk about what are we going to do this year, what are we going to do next year, and really be able to forecast out how we're going to grow, where we're going to grow, what areas we're interested in, and that's been a huge help.

One of the most solid pieces related to that is the forecasting, so any small or emerging, as I call myself, company in this space is to be able to forecast, be able to see, okay, I have this amount of resources, where am I going. If I want to go here and continue to grow and I'm going to be able to deliver the same level of service on an excellent
size or excellent level, then I have to know where I'm going to be able to go obtain those other resources to be able to do that, or you're not going to continue to be able to grow with those different utilities. You'll stagnate and then you'll not be able to really move throughout those utilities.

So those are some of the things that I have seen that have been working and encouraging utilities to continue to foster more of that would be good.

COMMISSIONER OLIVA: Great. Thank you.

John Scifers?

MR. JOHN SCIFERS: Good morning, and thank you for the opportunity to contribute.

My name is John Scifers. I wear a couple of different hats. First, I am the Illinois Chapter President and National Secretary for Elite Service Disabled Veteran-Owned Business Network. We're a national organization that's been around for about 20 years.

We're an all-volunteer organization made up primarily of veteran-owned business owners,
which brings me to the other hat I wear, which is President of SCIGON Solutions. We're a disabled-veteran-owned firm based out in Deerfield. We're celebrating our 10th year in business, and we've done well in that time to include doing work with eight Fortune 100 clients.

The closest we've come to doing business with utility companies, at least directly, is in the telecom space. That brings me to just briefly commenting on some of the challenges that we face both as -- from the perspective of a business owner and from the perspective of an advocacy organization that's trying to support veteran-owned and other diverse businesses.

I'd like to mention that I do agree with the comments made by other panelists, and I would like to add to that I think that the main challenge can be boiled down to visibility issues. Things like looking at the utility company annual reports and really trying to understand what those numbers mean without breaking out a calculator.

For my community, that means
understanding what percentage of total spend is being spent with better known businesses. We have other visibility issues, things like understanding what the baseline requirements are for a business to do business with the utility company. What kind of annual revenues are those companies looking for to really seriously consider that business, what sized projects have they worked on and so forth.

Also, going back to an earlier comment, understanding what happens after a business registers with a supplier diversity portal, how close they integrated with supplier diversity with the procurement organization in the sense that -- well, just to comment on what we see work is companies where supplier diversity is actively engaged in procurement results in more positive results means that instead of those supplier diversity people waiting for somebody from procurement to come to them and say, okay, find me a diverse supplier for a particular service, they're part of that process and they can bring those diverse suppliers into that procurement opportunity.
And finally, I think that, again, echoing an earlier comment, visibility into what an organization's needs are through things like opportunities forecast, a buying plan, understanding the types of services that a company is buying from diverse firms already.

I think that bringing transparency into things in all of these areas really help to move the needle in the right direction and move things forward.

Thank you.

COMMISSIONER OLIVA: Thank you.

And then finally we'll hear from Joseph De La Garza.

MR. JOSEPH DE LA GARZA: Thank you for the opportunity to be here and to also contribute.

A little bit about my role at the Illinois Hispanic Chamber of Commerce is I'm the Director of Corporate Procurement Opportunity Centers. I'm the one that usually tries to help our small businesses connect with opportunities not only the utilities, but hospitals or Fortune 500
companies.

So I work a lot with our small businesses, and some of the solutions I'm going to share with you are directly from them that I've heard over the events we've done and activities we've done.

So one of the things that's been echoed before is the transparency, what's the buying plan, what's the forecast for the next six, 12, 18 months. That's one of the things that I just want to reiterate.

Also, engaging the small businesses at these events. A lot of times we have these events, and it's great that the utility companies come, but they usually only have the supplier diversity representative. It would be great if they actually had the decisionmakers come who are the ones that actually do the purchasing.

Maybe, also, inviting some of the prime contractors to some of these events would be great, to actually meet and participate in this one-on-one matchmaking. Because even though we have
the one-on-one matchmaking and our small businesses meet with the supplier diversity people, they don't meet with those decisionmakers.

So I think when we do these one-on-one matchmaking events, that the primes could also be participating in those one-on-one matchmaking, and also, some of the decisionmakers would be really helpful. So that way, some of the small businesses can actually get contracts. A lot of times, they might meet the supplier diversity representative, but they never meet that other person, and it just kind of stops there.

Another one that I have heard is, the mentor-protege programs. I heard those are really helpful for a small business to learn about the procurement process within the company. Not maybe the procurement process, but like the procedures, the administrative stuff, how all that is done.

So if the employees of the small business can have that opportunity that they're willing to invest into that and have maybe one or two employees actually at the utility company learn about
that and the utility company also investing some time
into that, then I think that will make the utility
comp company feel more comfortable giving some contracts
to that small business and vice versa.

And then, also, maybe some monitoring
when -- as far as the work that's done. Sometimes
you still kind of see some kind of, like, passthrough
going on with some of the companies out there. And
so that is the small business actually doing some
self-performing on the work. So I think that's
really important as well.

And I think another one that we've
seen that the State of Illinois does, I think, if
you're looking for best practice, is sometimes if the
lowest bidder doesn't have BBEs, MBEs, or
veteran-owned businesses, they don't have it included
in their bid, but maybe the other bid that's maybe
ten dollars more, but they have some of these
minority and women-owned businesses included in it,
then maybe it should go to the next lower bidder
instead of the lowest bidder.

So that's something that the Capital
Development Board does, the state does, so I think those are some good best practices that we can probably use here.

Last but not least, once again, unbundling the contracts, I think is important not only because of the size, maybe the dollar amount, but maybe by category. Sometimes you'll see one category include all these services, and if they can unbundle it more according to categories, that will open up opportunities for some of these small businesses that have specialized services.

And that's all that I have. Thank you very much.

COMMISSIONER OLIVA: Thank you.

Do any of the Commissioners or, Chairman, do you have any questions before I ask a couple of questions?

(No response.)

COMMISSIONER OLIVA: No? Okay.

So of the panelists, I want to ask this question. Do you have any ideas or recommendations about how the Commission can
facilitate communication and connections between utilities and diverse suppliers, especially in the professional services space? If there's a certain group of people in these utilities that are making those decisions, how can we facilitate that, and what are your ideas?

MS. SUSANNE MONCRIEFF: I think one of the comments that was just made -- one of the comments that was just made I think is really important, somehow really getting the people in charge of diversity and the procurement people to really be talking the same language.

I see that there's sometimes -- they're not willing to take risks, and sometimes it stops at diversity. It doesn't get transferred over to procurement where procurement can let him really open the opportunity to a small or minority business.

I think that there's a lot of talent out there, and yet, the large corporate customers and the utilities aren't willing to take the risks with a new face on the block, because they don't have
experience that they -- even though my resume' tells you I really know what I'm doing, I can buy in the U.S., I can buy in China, but first of all, if I'm not the lowest bid or if I don't even get the opportunity, no one will know how talented I am and how much I can do to put your logo on the right product to get you noticed, which is the whole point of what my industry does, is advertising basically.

MR. MARTIN CABRERA: I think that one of the areas or examples is really key. Because I think the utilities are looking to see what their other kind of counterparties are doing as well, and if they see that, okay, here's one utility company that allowed a minority firm to lead a transaction, then it says it can be done.

And for all of those kind of misconceptions that, okay, they're not qualified, we don't know where they're at, you know, if they can handle a big deal, that all kind of goes away. And the same thing for whether it's a bond deal, whether they're making a 250 million dollar allocation to a pension fund money manager or it's an attorney that's
I think by example, given those opportunities, even when they put them in the prime kind of position, it just tells everyone else, okay, it can be done, and it's through those examples, and you'll see kind of other corporations as well.

So Wal-Mart has some corporate governance issues that they use as best practices and for supplier diversity and for minorities and professional service as well. Not only for those minorities that are doing business with them in professional services, but also the major corporations that they have doing business with them that they actually have someone of color or gender diversity being the key person on that account.

MR. HOMERO TRISTAN: I would add to that. The question was posed in the interests of saying can the ICC do more, and I think that the persistence that the ICC has over the years in sort of highlighting the fact that there is an absence in a certain area, and in particular, they were doing that with respect to legal services. There's an absence
of professional services providers, and so I think
that continued vigilance by the ICC and awareness is
being heard.

And so I -- you know, I would say
that ComEd last year developed a program to say,
okay, let's address that concern by the ICC, but I
think that you're already doing a lot by bringing the
awareness, so I think that's important and should be
applauded, and I think it's just continued
conversations with the utilities.

I think they do want to have
solutions. They do want to have higher numbers.
They do want to continue to have diversity, because
it does drive a better product, but sometimes it's
going to take continued conversations with them to
make sure that they're going in the right path.

And I think it's great that they're
here learning from the others as well, because it's a
good way for them to benchmark, steal ideas. I think
everyone is okay with bringing some of these ideas to
fruition in other organizations making them their
own.
So the continued persistence by the ICC to make sure that these things need to continue to improve.

MR. JOHN SCIFERS: I'd like to make a couple of comments to zero in on the question dealing with communication. I think that the key issues here are both communicating information about process and performance just so the diverse business community understands not only how to do business with utilities, but also just seeing which utility companies are really performing.

And I think this comes back to things like understanding, okay, what is it that my company needs to demonstrate in order to get on an RFP distribution list. How big do I need to be before I'm taken in as a company qualified to perform on a potential contract, understanding how business diversity processes work with particular utility companies, what that relationship is between procurement and supplier diversity, things like that. And then on the performance side just gaining and communicating in clear terms how a company is doing
instead of burying numbers inside of an annual report
to the extent that a person has to break out a
calculator to figure out how much money a company is
spending, in the case of my organization, with
disabled-veteran-owned businesses. Those kind of
performance numbers should be clearly understood and
communicated.

So those are my comments.

COMMISSIONER OLIVA: Do you generally find
events like supplier diversity fairs or conferences
to be helpful to diverse suppliers in securing
contracts? Do you feel it's the best use of
suppliers' and utilities' time?

MR. JOSEPH DE LA GARZA: I can make a
comment on that.

We've had several of those events,
and they have been good use of the time because it's
an opportunity for our small businesses to meet with
them, to meet with the suppliers. Some of the events
they have talked about some of the opportunities that
are coming up, the buying plan, but the only problem,
the only thing is sometimes it falls short if nothing
happens after that. I think that's because the decisionmakers are not there, are not included at that event.

So it's great to see what the buying plan is, but if the decisionmakers are not there, the person who is actually deciding what to buy, who is actually going to be working with that small business, is not present, then I don't think anything is going to happen after that event.

So I think that's really needed. Or even, like I said earlier, the primes, contractors, even also participating in those events.

MR. DEAVAY TYLER: So I have to say, no, but it's a good first step. I think the expectations are not aligned on both sides actually, for the vendors' side and also from the suppliers' side.

I think what you have to do is that is the first step in setting the relationship. So if you can get a business card, then do you take the next step to set a meeting, and then from that meeting, start to figure out what the capacity is of that particular vendor partner possibly. And then,
from there, you have to figure out where you want to go.

But I think you do have to bring not just the diversity inclusion folks into play, but you do have to bring the actual buyers, the people who are procuring and then figure out where the areas of opportunities are.

MR. JOHN SCIFERS: I would just like to say as both an organizer of these kinds of events and a participant in many events, it really depends on that company's approach to how they are participating in the event.

You know, echoing other comments, I think that bringing buyers is key. You know, just to cite one example, I remember going to an event earlier where Abbott Labs came out, and I saw about 20 blue shirts. They had people from their nutrition division, from logistics, from every part of the company there, and they weren't just there to check the box and say go to our supplier diversity registration page. They had the buyers out there to talk with companies about what their needs are, what
companies could do, and if every company that
participated in that event brought that kind of
approach, I think those events would be more
effective.

MR. WILBUR MILHOUSE: There's different
levels with different companies related to what they
need. So an entry level company just getting into
the business in general as well as just being
introduced to a utility, absolutely. That is their
first step. That is a great event for them to go to.

For a company that's been in business
for multiple years that has worked with multiple
utilities, that isn't necessarily the best use of
their time as a participant. Maybe as a mentor in
helping other firms understand what's going on and
being able to talk, but not necessarily going to it
and think that this is going to help you get
business.

MR. HOMERO TRISTAN: I'll just briefly say
that I have attended many over the years, and while I
can identify that none of those actually converted
into work, I don't believe that it was fruitless.
I think that what we're asking as minority vendors is not that someone should just call us and give us an opportunity. We know that we have to go out there and create our own -- build a network, be persistent ourselves, so that when given that chance, we're able to identify those programs.

I think that programs can be enhanced if the organization does come together to require the companies that want to be there to present to actually have a commitment to try and source something, whether it's one item or one procurement from that so there's actual procurements that are coming up or a buying plan.

So there's a little bit of homework that's required of the participants on both ends. I think that it might be a little bit more useful, but these programs, I think, although I can't identify, having done many of them, that one led to an opportunity. I know that being there can at least prepare you for that opportunity when it does come.

COMMISSIONER OLIVA: All right. Thanks.

Well, I think through this discussion
we've really begun to identify the obstacles and solutions in providing professional services as diverse suppliers with utilities, and I think we all hope to see greater numbers in spending with diverse professional services in the next year and all of the coming years.

So please join me in thanking Homero, Suzanne, Martin, Deavay, Wilber, John, and Joseph for their perspectives.

(Applause.)

COMMISSIONER OLIVA: And to conclude this panel, we will hear from IUBDC Chair, Richard Mark, who is going to give a report.

MR. RICHARD J. MARK: Thank you, Commissioner, for giving me the opportunity to talk about the accomplishments of the Illinois Utility Business Diversity Council.

Melvin Williams had to leave today, but I would like to just publicly recognize his leadership as being the first Chairman of the IUBDC, and his leadership is what has got us to this point today. We started in 2015, and Melvin led us that
I'd like to recognize all of the utility CEOs that really participated in that, and I know Joe is here today, but I do want to also acknowledge Anne Pramaggiore, who did a great job at the beginning in helping us get this organization off the ground, and Charles is here as well as Bruce Hauk.

Those first few years were a little difficult to try and get it organized and get all of the legal procedures in place to set up the organization, but I think that we've come a long way. So I wanted to kind of give you a report on some of the things that we've done and some of the accomplishments that we've achieved.

One of the things that we all recognize and we heard here today is the amount of effort that has been put in to bringing diverse businesses and getting them involved with utilities into dollars that are spent and also the potential dollars.

So one of the things that we've
talked about for quite some time at the IUBDC is how do we really measure the impact that we're really having on the state and on our communities. And so we talked for a number of months about looking at an Economic Impact Study, and we've talked about this all of 2017, and this year we're able to actually -- we went out, we solicited different names and recommendations of companies that could do that process for us. We were able to put together a team that represented all five utilities that make up the IUBDC, and this panel interviewed all of the participants that we had, and we did select the company to try to -- that has really completed an Economic Impact Study for us. So I'm going to report on that a little bit later today.

Just to give you a little bit of an idea, we looked at the goods and services purchased from diverse businesses that they contributed over 2 billion dollars to the state GDP, and that supported about 14,200 jobs in the State of Illinois and added about 341.5 million dollars in taxes collected by federal, state, and local
governments.

So I'm going to talk a little bit more about that full impact of that study later, but I want to give you kind of an overview of a couple of other projects we completed.

One of the things that we saw was important was really to help our diverse businesses grow and expand to make them sustainable for the future. So we partnered with the Kellogg Executive Program to basically look at a program for executives and owners of minority businesses, and this year we took that a step forward on our partnership, and we established a IUBDC-funded scholarship program, and I'm glad to say that one of our first recipients of that scholarship is here with us today. Mr. Ed Ortiz is here.

Ed, I think you're here. Please stand.

Ed just completed the program at Kellogg and in reports back and in talking with him, he found that it was very, very informative. In fact, he made the comment to me that he thought all
business owners ought to attend that program at Northwestern, not just minority businesses. That it would be helpful for all businesses in general.

But Ed is here, and later in the program, if you have any questions, I'm sure he'd be more than happy or individually talk to you about his experience in that week-long program at Northwestern.

One of the other projects that we completed this year, I have with me today Shawn Allen, and Shawn would like to talk to you a little bit about what we call GIS tool. We talked a lot about how do diverse firms know about what is going on in our business, RFPs, projects, how do the utilities know about what diverse businesses are out there.

So I'm going to turn it over to Shawn to give you a short presentation on this GIS tool that we developed that will be in process or implemented this year.

Shawn?

MS. SHAWN ALLEN: Thank you, Mr. Mark, and thank you, Commissioners, for allowing me a chance to
present what we've been working on.

So for the past year, a good chunk of 2017, the IUBDC has been working on an online supplier mapping tool. The overarching goal of this tool is to help increase visibility of suppliers within the State of Illinois to know who is out there and where they are and what services do they provide and what area of the state can they offer their services to.

So with this tool, we've got three main elements. The first element that you see presented here is our main supplier map. We have also created a supplier registration form that suppliers would use to provide various details about their business, contact, description, services offered, et cetera.

And then we've also got an admin portal that we would use behind the scenes to ensure that we are capturing a complete representation of that supplier, and that the information provided doesn't become outdated as the months and years go by.
When you're interacting with the main supplier map, when it first loads, it's going to load to the State of Illinois, and you're going to see all diverse suppliers that have registered with the tool plotted on that map.

Interacting with this map is quite easy. You have several different avenues in which you can interact. One, you can click on any supplier point within the map, and it's going to provide to you a popup that tells you details and information about that supplier, what is their business description, what is their diversity certification, who should I contact, do they have a website, et cetera.

We have also built a filter into the tool so that if you're looking for something specific you could come over to the left-hand side, you could click the drop down, sort through the variety of services. You could also start to type. Perhaps I'm looking for somebody in the area that could provide concrete work. I can start to type that keyword. The list is going to filter. I can select that
particular service. I can click apply, and the map is going to filter to just show me those suppliers that provide that type of service.

And then from there, I can interact with the map. I can click on a particular point and learn about that business, get some contact information, et cetera.

We also have the ability for you to search by address or place. So if I really want to hone in to my service area and see who is within my proximity, I have the ability to do that on the map as well.

So it's our belief that with this tool, it's really going to not only allow greater visibility into who's out there, but it's also going to help us encourage partnering and outreach, education, et cetera.

MR. RICHARD J. MARK: Okay. Any questions about the tool?

(No response.)

MR. RICHARD J. MARK: Thank you, Shawn.

Earlier, I talked about the Economic
Impact Study, and we have Neeraj Shah, and I'm going to ask Neeraj to come up.

Through our targeted events and outreach activities, a couple of things I just want to point out. That we've opened to the door -- we have identified about 400 diverse companies to do business with state utilities in 2017. We've facilitated relationships with the leaders of diverse companies in sectors such as engineering, consulting, finance, legal, real estate, and technical services.

We also looked at sourcing from diverse -- our sourcing from diverse suppliers increased in 2017 by 8 percent over 2016.

IUBDC members spent a combined total of more than one billion dollars on goods and services provided by minority, women, and veteran-owned businesses in 2017. The goods and services purchased from diverse businesses contributed, as I said earlier, 2 billion dollars to the state's GDP adding about 314 million dollars in taxes collected.
So I have Neeraj here to talk a little bit about how -- the methodology behind that Economic Impact Study and how we came up with some of these numbers.

MR. NEERAJ SHAH: Thank you. Good afternoon, everyone.

As was just mentioned recently, we in the IUBDC and the charter members spent over a billion dollars of minority, women, and veteran-owned businesses in 2017, and this creates a sizable impact both as the diverse suppliers and the communities that they in.

Earlier this year, we partnered with the IUBDC to quantify that impact to see, you know, what are the jobs that are created, what is the overall impact that gets -- business that gets generated within the community and the incomes that are earned.

Just some background about us. I am with Supplier IO. We are a supplier diversity management firm. We work with many companies to help them manage their program and increase their spending
with diverse suppliers. We're also a minority-owned firm based out of Chicago.

To conduct the study, we used an approach that is standardized and used by many governments, foreign institutions, nonprofit organizations, and corporations to measure what the financial impact of any investment is.

We use a model that's called the input-output methodology, and we use data that's been presented or provided by the U.S. Department of Commerce. What this model helps us estimate is, given the certain amount of investment, what are the jobs that get created in a specific geographic area and the downstream impact of those as well.

To conduct this assessment, we evaluate it at three levels. One is what is the impact directly to the diverse suppliers. So when a billion dollars is spent with minority, women, and veteran-owned businesses, how many jobs get created at those businesses, themselves, what are the incomes that are under those businesses.

Then we look at the further impact of
those jobs and those businesses within the community. So these businesses obviously have to purchase goods and services from other businesses that are in the locality. So if you're a Tier 1 supplier, you end up contacting with Tier 2 suppliers, and end up using good and services from Tier 3 suppliers as well.

We then identify what are the jobs created at these lower chain suppliers as well.

Finally, you have a third tier induced impact, which is the employees that have these jobs end up living their lives. They go out and send their kids to school, go to the dentist, buy stuff from the grocery stores, go to restaurants. So all of these create additional jobs in the community, so we estimate what that impact is as well.

What we found was that the 1.05 billion dollars in spending with diverse suppliers has created almost 7,300 jobs as the diverse suppliers, themselves. The second layer of impact was -- created an additional 2,800 jobs at the firms that support these diverse suppliers, and the overall impact was that it created over 4,000 jobs in
the community.

That's a little bit about the background. I'm happy to answer more questions about the methodology.

MR. RICHARD J. MARK: Okay. Thank you.

I'd like to say it's been an honor for me to serve as the Chairman this year of the IUBDC, and I would just like to say that all of the utility representatives that are on the board are fully committed to improving diversity and working to expand our diverse spend throughout the State of Illinois. And, you know, I think -- and also their staffs.

I think one of the things you see is us a lot, but this room is filled with the staffs of each utility, and we all have numerous people that work behind the scenes to get these events planned, to get these programs like this implemented, to make sure that we're able to really pull all this together.

And I would just like to thank all of the utilities and all of the staff people here today.
that have helped pull this together to make really
the success that we've had so far. We have a lot of
work to do, and we're going to continue, but the
people behind the scenes have really helped pull this
together and spent endless hours traveling across the
state to actually do an event or make sure that
programs come to fruition and are successful. So I'd
like to thank them publicly for their efforts.

I'd be more than happy to answer any
questions you might have about the council.

COMMISSIONER OLIVA: I have one question
that I probably should have asked earlier with the
CEO panel. Who at the company or at the parent
comp any is making the decisions to contract certain
services, especially finance, investment, and legal?

MR. RICHARD J. MARK: I don't know if I can
answer that for every company. I think each one may
be a little different.

For Ameren Corporation, I could say
that our financial decisions, like when we go out for
a bond issue and things, are made at the parent
company level by our CFO and Treasurer, and legal is
made by our General Counsel at the corporate level.

And I can't speak for the other companies, but I assume that most of the affiliate companies all kind of follow that same model.

Anyone? Charles? Yeah, I see heads nodding. Bruce? Yes, that is the way it happens at all five companies.

So what we do, when we are approached by someone in one of those areas, finance or legal, what we try to do is facilitate meetings with our general counsel if it's a legal issue, facilitate meetings with our corporate CFO and our Treasurer if it's on the finance side, and also with our CIO on the IT side, we do the same thing.

COMMISSIONER OLIVA: All right. Any other questions?

(No response.)

COMMISSIONER OLIVA: Great. Thank you for your report.

MR. RICHARD J. MARK: Thank you. I just want to thank all of the Commissioners for your help and your support on this. I think there's a lot of
times, you know, you wonder how far you should go, and you have given us the confidence to really, I think, help push the utilities to be more diverse, to look at inclusion both internally and externally.

We appreciate your support. We appreciate your encouragement to go even further. We look forward to working with you into the future. Thank you.

CHAIRMAN SHEAHAN: Thank you. Let me just take this opportunity to thank all of you for joining us this morning. It's been great to hear from our utilities and diverse suppliers on the progress they have made over the past year, and for as much as we talk about room for improvement, I think it's important to note that Illinois really nationally is a model. We do this better, and our utilities do this better than almost any other state in the country, maybe save, perhaps, California where they have legislative mandates.

So I think it's been especially helpful to understand the economic impact. I think that's a great story that we need to tell.
I want to offer a special thanks to the CEOs for spending the morning with us. We're all very cognizant of the value of your time, and I think it's a nice and generous reflection of your commitment to this important topic.

Conversations like this at the Commission are really crucial in moving the ball forward. Thank you again.

The meeting is adjourned.

(WHEREUPON, the meeting was adjourned.)