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ILLINOIS COMMERCE COMMISSION
160 NORTH LASALLE STREET, SUITE 800
CHICAGO, ILLINOIS 60601

SUPPLIER DIVERSITY SERVICES:
POLICY SESSION 1

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

1 APPEARANCES:

- 2 Chairman Doug Scott
3 Commissioner Miguel del Valle
4 Commissioner Sherina E. Maye
5 Commissioner John T. Colgan
6 Commissioner Ann McCabe
7 Representative William Davis
8 Dr. James Lowry
9 Mr. Jose L. Perez
10 Mr. Richard Mark
11 Mr. Byron Witherspoon
12 Ms. Jacqueline Voiles
13 Ms. Anne Pramaggiore
14 Ms. Melissa Sherrod
15 Mr. Fidel Marquez
16 Ms. Michelle Blaise
17 Mr. Hank Linginfelter
18 Mr. Willard Evans, Jr.
19 Ms. Arti Shadid
20 Mr. Melvin Williams

21

22 ALSO PRESENT:

- 23 Various members of the public

24

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

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

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

20 COMMISSIONER MAYE: Thank you, Chairman. Welcome
21 all to you today and to those listening in Springfield.
22 We have a packed room. This has been a great topic. We
23 had a great session last month and we wanted to continue
24 on with that series.

1 So, basically, last month we keyed up the
2 topic of supplier diversity and we just wanted to open
3 some dialogue. We had a couple of experts speak to you
4 on the topic, and today we wanted to allow the utilities
5 to speak on the topic as well. We can't wait to hear
6 your stories. We can't wait to hear what you're doing.
7 We all know that there are some great things happening
8 and we're excited to hear about it.

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

22 We wanted to thank the ICC Staff,
23 particularly, Jonathan Feipel, who is sitting in
24 Springfield listening to the policy forum, as well as

1 Gene Beyer, who have been fantastic, extremely
2 supportive, and provided us with a wealth of knowledge
3 and have just been 110 percent in our corner with this.

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

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

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

21 So, with that said, I just wanted to express,
22 again, our passion for this. You know, lately -- this
23 is the second time I've spent in 2014 that we've had the
24 opportunity to see your postings and for you to submit

1 your reports under the new legislation. Last year was
2 the first time. There was some room for improvement.
3 This time we did see a great deal of improvement and we
4 will expand upon that later on.

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

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

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

22 There has been much work done to improve
23 supplier diversity at our utilities. And even though we
24 have a long way to go, I am hardened by the commitment

1 of the leaders we see here today before us. It is
2 through their leadership and vision that Illinois can
3 become a leader in enhancing shareholder value and
4 managing ratepayer cost for the expanded competition
5 integration and inclusion in utility procurement. A
6 greater commitment to supplier diversity represents an
7 instance in which the interest of the ratepayers and the
8 companies are aligned.

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

19 Turning to our agenda before us, with us today
20 we have two national figures who are well-respected
21 experts in supplier diversity. Two of them will be
22 speaking first and addressing the situation around the
23 country and some of the best practices in supplier
24 diversity, and next we will have the leaders from our

1 board utilities present with their teams to discuss
2 their progress and your reports, as Commissioner Maye
3 indicated, and engage in discussion about their future
4 or for the future, their vision for the future.
5 However, we cannot have a conversation about utility
6 supplier diversity in Illinois without acknowledging, as
7 Commissioner Maye has already done, the leadership that
8 has brought us here today.

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

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

24 REPRESENTATIVE DAVIS: Thank you very much,

1 Commissioner Del Valle, Chairman Scott, Members of the
2 Commission, Commissioner Maye. I certainly want to
3 commend all of you on your work for recognizing how
4 important this issue is and giving this kind of time to
5 the issue of diversity. Again, I'm always of the
6 opinion that whenever we can talk about diversity and
7 the opportunity to increase diversity, we must continue
8 to do so.

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

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

21 You know, we passed legislation within the
22 last couple of years to help our utilities do what they
23 do and to do it better giving them opportunities to
24 redevelop their infrastructure, whether it be smart

1 grid, which has a particular name for the work that
2 particularly the gas suppliers are doing right now or
3 will be starting to do very shortly. Again, we've given
4 them these opportunities. So, to me, it's relevant that
5 we bring into the conversation about diversity and
6 suppliers.

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

18 I mentioned, when we were here before, that
19 some of the work has already begun toward increasing the
20 pool of qualified suppliers or vendors for these
21 companies. Again, we've already had one supplier
22 diversity event with Nicor Gas, which was a success and
23 gave opportunity for vendors who never thought about
24 working and doing business with them an opportunity to

1 do so. In April, we will be doing a similar event with
2 AT&T. Again, the same premise, to look at the
3 opportunities that exist and give vendors who had not
4 otherwise thought about doing business with AT&T an
5 opportunity to see what they can do there.

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

23 I often indicate that my tool is the
24 legislative process. And I will continue to use that

1 tool to the best of my ability to accomplish things such
2 as this. And with the support and working with the ICC,
3 which has that kind of oversight with regard to them, I
4 think that's a natural partnership that we are working
5 together. And I think, again, as you've already
6 indicated and shown your willingness to kind of take
7 over this role and to work in this venue and work in
8 this way, we are very excited to continue this
9 partnership and this relationship moving forward. And,
10 again, we're looking forward to some great things
11 happening as we move forward.

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

18 COMMISSIONER DEL VALLE: Thank you.

19 COMMISSIONER COLGAN: Thanks, Representative.

20 COMMISSIONER MAYE: Oh, excuse me.

21 Now, we'll begin with our expert on supply
22 diversity. I'd like to welcome Mr. James H. Lowry.
23 Mr. Lowry is currently a senior advisor to the Boston
24 Consulting Group and president of his own private

1 consulting firm specializing in minority business
2 development and strategic planning. Mr. Lowry is a
3 nationally recognized workforce and supplier diversity
4 expert and pioneer. He encapsulates 40-plus years of
5 experience in the field of minority business development
6 in his new book, "Minority Business Success, Refocusing
7 on the American Dream," which is coauthored by Leonard
8 Greenhalgh, Tuck School of Business at Dartmouth
9 College.

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

22 In 2005, Lowry offered a new study entitled,
23 "Realizing the New Agenda For Minority Business
24 Development," sponsored by the Hoffman Foundation in

1 conjunction with a billion-dollar roundtable. In 2009,
2 Lowry studied -- authored a study on capital formations
3 for the National Association of Investment Companies.
4 Since 1996, Mr. Lowry has served as an adjunct professor
5 and academic advisor to a one-week course on minority
6 business development at the Kellogg School of
7 Management.

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

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

20 As it's been stated, the minority business has
21 been very, very dear to me for over 40 years. And, over
22 this time period, I have observed much progress. And
23 I'm proud to say that I've been actively involved in
24 that change progress both within the private and the

1 public sectors. And you've alluded to a couple of the
2 pieces of work that I'm particularly proud of, and
3 that's the first major study for the Department of
4 Commerce leading to the creation of the Minority
5 Business Development Agency.

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

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

24 And in the early days of my minority business

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

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

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

24 Three, there has to be total organizational

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

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

24 And, lastly, when you get through it all, when

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

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

1 nation.

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

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

23 These businesses have to be leveraged. We
24 have to be more competitive so that we compare to other

1 great nations. In terms of the aging, the workforce is
2 aging. A large percentage of our workforce will
3 continue to be minority increasing by more than
4 75 percent in the year 2050. Additionally, a medium
5 white household net worth, at this present moment, is 19
6 to 20 times that of the Hispanic and black households.
7 Income levels vary drastically between demographic
8 groups.

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

19 So we have to deal with this. Something must
20 change. It is documented that minority groups hire --
21 tend to hire their own and develop their businesses that
22 will improve underserved communities. I saw it in
23 Detroit. I've seen it in other places. The majority
24 and minority youths are hard-working and motivated

1 students. As a nation, we can help these dedicated
2 young people to help them get into productive careers,
3 produce income, and serve their community. It is
4 important.

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

14 So I say I hope -- I will hope you develop not
15 only policies, but you will develop organizational
16 strengths that make these programs work, that you will
17 develop the entrepreneurs so they can move from one
18 generation to the next, so they can grow from a small,
19 micro business to a large business that employes
20 thousands of people. But I state, as a cautionary note,
21 in my 40 years of experience, if oversight does not
22 persist from the top, a strict moderated program is not
23 in place, if clear metrics are not provided and MBEs are
24 not developed, you might be discouraged with your

1 bottom-line results. I know you're sincere in your
2 desire to do the right thing and to foster minority
3 business development. So this will not be the case in
4 the state of Illinois. You will have a longer vision
5 for advancement and make this state this much stronger.

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

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

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

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

22 In 2008, Jose cofounded the National Utilities
23 Diversity Council and served as its first executive
24 director working closely with the utility commissioners

1 and companies throughout the country. In 2012, Jose
2 cofounded Hispanics in Energy, a nonprofit group
3 focussed on increasing opportunities for Hispanics in
4 the energy industry.

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

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

17 And so, as has been noted, supplier diversity
18 is clearly something that has been a deep passion for a
19 lot of us in diverse communities going back to the
20 1980s, specifically, 1988, when former Assemblymember
21 Gwen Moore, from California, was chanting on the
22 creation of legislation that enabled the California
23 Public Utilities Commission to create General Order 156
24 that I'm going to elaborate on today. But, in any case,

1 she's still an inspiration for all of us. She's a
2 Co-Vice Chair of our California Utilities Diversity
3 Council. And I can tell you that the path that we see
4 here in Illinois is very similar to the one traveled,
5 you know, a little over 20 years ago by Assemblymember
6 Gwen Moore and the Public Utilities Commission. But,
7 like anything else, it's one of those things, you know,
8 the Commission, in this case, you show a deep interest
9 and a deep passion. That passion and interest
10 communicates to the folks that you're working with to
11 deliver, you know, good public service in energy.

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

22 And this is kind of -- I'm starting kind of at
23 the end here, but this is what's happened over the
24 course of that 11 years. The Commission took a very

1 keen interest in the legislation that was in the books,
2 but no checking on the Commission. And so, in 2003,
3 there was about a billion dollars of supplier diversity
4 spend in California. And, as you can see, that's gone
5 up to \$8.5 billion to 2014.

6 Last year -- the reports just came in on
7 March 1st for 2013. And, as you can see, Pacific Gas &
8 Electric came in at 42.1 percent or \$2.3 billion.
9 Southern California Edison 1.0 -- I'm sorry, billion
10 dollars. I'm sorry. I don't have my glasses --
11 41 percent and \$1.4 billion. Southern California Gas
12 Company, a much smaller company, but also has a deep
13 breach, 45.4 percent, \$0.4 billion. And then, of
14 course, San Diego Gas & Electric at 44.9 percent. We
15 tracked something like 32 companies. AT&T, just for the
16 record, came in at 50 percent plus. And so we know that
17 it's doable. Back in 2003, a lot of these companies
18 were fledgling. The legislation calls for a 21.5
19 percent supplier diversity goal. It's 5 percent women,
20 50 percent minority, and 1.5 percent service disabled
21 veterans. And, as you can see, all of these companies
22 are way exceeding that.

23 So, you know, the key question that people
24 must have is, well, "How did that happen? How do we

1 take it from one where we're struggling to, you know,
2 bring in diverse suppliers to do business with the
3 companies that are looking for quality work and how do
4 we get to a 40 percent plus?" Well, the first thing I
5 mentioned is, Gwen Moore -- and that's a photo of her
6 there at one of our events. It was the legislation that
7 enabled the Public Utilities Commission to create this
8 General Order 156. And that order is very important
9 because it not only establishes supplier diversity
10 goals, but it also created a process to validate
11 diversity.

12 Now, what does that mean? Well, that means
13 that someone who claims to be a diverse business owner
14 must prove that they are. For example, in my
15 business -- I own Latino Journal. I had to apply and
16 demonstrate to the reviewers that I'm, in fact,
17 Hispanic, I, in fact, have a business, I have a business
18 license, I a have business bank account, I have to
19 provide my taxes to demonstrate that I'm a bona fide
20 business owner. And so then I get certified and a
21 number that allows me to then basically be tracked if I
22 do business with the company. So creating a process to
23 validate diversity was a key component of this
24 framework.

1 We also, over the years, created a
2 data-gathering system to collect supplier diversity
3 spend from utilities. And this information, you know,
4 up until recently, was not audited, but now, as a result
5 of an update of the General Order, the Public Utilities
6 Commission actually audits the numbers that are received
7 from the companies, and so they validate that, in fact,
8 you know, they're bona fide. And then every year the
9 order requires the utility companies to submit supplier
10 diversity spend by March 1st.

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

19 In our case out in California, it started with
20 Michael Peevey, who is still on the Commission today.
21 He's the president of the Commission. So he's been on
22 there for 11 years and he is a former president of
23 Southern California Edison. So he understood what a
24 company was like. And so, from a regulatory

1 perspective, that in-depth view of it helped mitigate
2 some of the issues that have come up over the years.
3 And it looks like he might get reappointed, so this
4 might be his third or fourth time.

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

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

1 businesses in the totality of businesses in California.

2 So, you know, what does that mean? Well, for
3 example, the goal of 5 percent women set in 1988 is no
4 longer real because the true participation of women in
5 business in California is closer to 32 percent. The
6 same thing with Latinos. You know, the Latinos are like
7 16.5 percent. Asians are like 60.2 percent and so
8 forth. And so, when you put them all together, you
9 know, the percentages are much higher.

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

20 Creating an executive corporate commitment,
21 again, what Mr. Lowry was saying is dead on target,
22 because corporate commitment -- you know, there is a
23 common phrase that I hear now in the circles of the
24 corporate executives in California's energy companies

1 and utilities, and that is that diversity, it's in the
2 company's DNA. It's almost said all of the time. And,
3 from the very top down to the person that, you know, is
4 working in the mail office, and sure enough it is
5 something that is valued. These companies take time to
6 recognize chapters of diversity, the branch heads, the
7 directors, the managers, the vice presidents. Every
8 time something is done well, it's noted and it's
9 reported. Maybe not financially. It may be
10 financially, but the recognition is a very powerful
11 tool, and recognition amongst their peers is something
12 that's done regularly.

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

1 for these companies. And so, clearly, you know, metrics
2 is really important. And so that is something that's
3 very important.

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

23 Another thing that we have done over the years
24 is we created effective outreach. A lot of these

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

20 Last year we launched the consulting services.
21 We pulled in the top ten consulting firms,
22 Pricewaterhouse, Deloitte, Accenture, and so forth. And
23 there, again, because these companies all have hired
24 these consulting firms for everything from human

1 resources, even managing their rate packages, their
2 pricing packages, they do all information technology,
3 they do -- all of the strategic planning happens through
4 the support services that they get from consulting
5 services, and so we pull the partners together and, you
6 know, strongly suggested that they identify minority
7 consulting firms to bring in the subcontractors or to
8 partner up with new opportunities. And these photos
9 that you see are of that particular forum.

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

20 We've discovered that those minority media
21 outlets and advertising firms really are well-connected
22 to their communities. And so, when we are trying to do
23 education of consumer issues on ratepayer issues, even
24 issues before the Commission, that group could be, you

1 know, just an enormous asset to adequately communicate
2 to communities that are not part of the mainline
3 communication. And so each of these outreach efforts,
4 we initially started to survey them to see how well they
5 did, especially with these folks. We're in the process
6 of serving the consulting services. We had about 200
7 diverse consulting firms that attended that event. And,
8 you know, we'll find out whether or not -- it sounds
9 like they're getting business, but we won't know until
10 we find out. We don't have the facts yet.

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

21 And, as you can see, the trend there -- since
22 2003, the trend has been upward. And so we're very
23 proud of the fact that we're able to accomplish this.
24 We do have a really great friend in Ron Litzinger, who

1 is the president of Southern California Edison, who is
2 available to -- you probably know him, those of you who
3 are here as CEOs of the companies. But he would be very
4 happy to speak to you personally about what it's like to
5 actually have a full engaging supplier diversity program
6 in your company, and he can give you the southern
7 California Edison experience. We can also get Tony
8 Earley from PG&E or Dennis Arriola from Southern
9 California Gas Company. But, you know, talking to your
10 brethren might be a really good thing just to get a
11 pretty good idea of what's possible. And that, you
12 know, might be something to consider.

13 Another offering would be to possibly create
14 an Illinois Utilities Diversity Council. We use ours in
15 California to pull all of the stakeholder groups, the
16 trade associations, the companies, and the Commission to
17 work out a strategy to improve supplier diversity.
18 There is a lot of this. And the legislation is great;
19 but, at the end of the day, it really is a commitment of
20 people sitting around and figuring out what's going to
21 happen in order to make these numbers move in the right
22 direction. And so that's something that we've done over
23 the last ten years. And I did bring a copy of the
24 annual report for those of you who would like to see

1 what this group could possibly do in a state like
2 Illinois, and it gets into a whole lot of details about
3 how the work -- how the work is accomplished.

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

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

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

15 MR. PEREZ: Yes.

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

21 First up is the order of the board utilities
22 and the reporting of any of those that follow the
23 reports that we're talking about today with the Illinois
24 Commerce Commission, reports that were created by

1 legislation sponsored by Representative Davis and
2 Senator Sandoval and reports that will be strengthened
3 as a result of the bill that is now rolling through the
4 process sponsored by Representative Davis. I would like
5 to start with Richard Mark of Ameren Illinois. And he
6 will be joined by Ameren's manager of supplier
7 diversity, Byron Witherspoon.

8 Let me just quickly say something about
9 Mr. Mark. We've had the pleasure of meeting and
10 speaking. It is now my pleasure to introduce Richard
11 Mark, president and CEO of Ameren Illinois Company. He
12 is responsible for the electric and gas distribution to
13 1.2 million electric and 813,000 gas customers across
14 three-quarters of the State of Illinois. You cover a
15 lot of ground.

16 MR. MARK: Yes, we do.

17 COMMISSIONER DEL VALLE: Before his appointment of
18 CEO, Mr. Mark was senior vice president of Ameren
19 Missouri Company Operations. He oversaw customer
20 services operations, community relations,
21 communications, customer satisfaction, and corporate
22 spending for Missouri's largest utility. Mr. Mark
23 serves on a variety of boards and organizations. He has
24 received three honorary doctorate degrees for his civic

1 and community work as well as numerous awards and
2 honors. So thank you, Mr. Mark, for being with us
3 today. Please proceed.

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

16 As Dr. Lowry said, you know, top management
17 commitment to diversity is one of the keys, I think, to
18 a strong diversity program. And, approximately, ten
19 years ago, the CEO, at the time, of Ameren Corporation
20 felt that it was really important for us to expand our
21 diversity programs in both Illinois and Missouri. And
22 he made an initiative that current CEO, Tom Voss, and
23 our incoming new CEO, Warner Baxter, are also very
24 committed to. And we realized that, as a major

1 purchaser of materials and suppliers in both Illinois
2 and Missouri, that we can play a significant role in the
3 growth and development of minority vendors and diverse
4 suppliers.

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

13 On the corporate level, we've done a number of
14 programs that I think has really helped us expand our
15 diversity supplier business programs. One, that we've
16 developed a scholarship program for a minority executive
17 program at the Tuck School of Business at Dartmouth
18 University. Each year we have a symposium and we invite
19 minority vendors to come and meet with senior management
20 and all of the appropriate people that make purchasing
21 decisions. And we also select the vendor the year those
22 vendors are offered an opportunity to receive the
23 scholarships. And I'm proud to say that the two that
24 received the scholarship to go to Dartmouth for 2013

1 were both minority contractors from Illinois; one from
2 Edwardsville and one from East St. Louis, Illinois. And
3 so we think that's a good start to really help not only
4 get vendors into our program, but give them the skills
5 that are necessary to make them sustainable for the
6 long-term and help them grow the business even outside
7 of the regional area.

8 One of the other programs that we have hosted
9 that we started last year is that we hosted a diversity
10 festival where over 5,000 employees, their families and
11 vendors, attended and had the opportunity to not only
12 meet different vendors and contractors, but employees
13 were there to really expand on diversity. Not only with
14 our suppliers, but internally, also. And so we think
15 that has really helped get the entire company to really
16 see the value of diversity in our company and get
17 employees at every level. You know, getting top
18 management committed or saying that you want diversity
19 is one thing, but what we found is that you have to
20 drive that through every level of the organization.
21 Some of the decision makers feel -- we cover 45 or
22 44,000 square miles in the state of Illinois, and
23 sometimes getting that message to all 3,000 of our
24 employees is somewhat difficult. So we try to do a lot

1 of things internally to make sure that every employee at
2 Ameren has appreciation for diversity, both internally
3 and externally.

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

18 We also conduct community diversity outreach
19 programs and events around the state. What we try to do
20 is do that in each of our larger geographic areas of the
21 state so that we make sure we cover the entire state all
22 the way as far up as the Galesburg and Kankakee area and
23 all the way down to the tip of the state near Carbondale
24 and Marion. We also work with a number of

1 community-based organizations, and we do this on a local
2 and a regional basis. Each operating center is really
3 given the goal and given an objective to meet with local
4 organizations to bring in minority and diverse suppliers
5 and candidates for our apprentice programs, such as the
6 NAACP, the Urban League, the Black Chamber of Commerce,
7 County employment and training organizations, and our
8 union partners.

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

23 And even more exciting to me is that not only
24 do we have a minority contractor that's going to do the

1 construction there, approximately, 50 percent of the
2 subcontractors on that job are also diverse suppliers.
3 So, you know, we're not where we want to be, but we are
4 working toward that effort and we're trying to look at
5 new programs, bring in new suppliers, and trying to get
6 the word out more in the area of how we can improve our
7 diverse supplier program.

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

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

19 One was regarding access. And so part of our
20 program is how do we provide real access for diverse
21 suppliers within Ameren. Two, Dr. James Lowry mentioned
22 development. Our other aspect is, how do we create
23 development opportunities within Ameren. And then the
24 third one for us is sustainability. And so, when we

1 look at all of our strategies and activities that we
2 employ at Ameren, it is to address how do we provide
3 access, how do we create development opportunities, and
4 how do we provide long-term sustainability? And so how
5 do we execute?

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

20 And so first I think it's important to
21 understand what we buy. I won't go through the entire
22 list, but first we want to start off by talking about
23 the multiple business segments within Ameren. And so
24 first we're talking business and corporate services.

1 And so, when we look at corporate services, it's just as
2 it sounds. We're talking advertising services, legal
3 services, finance, professional services and the like.
4 That is a particular business segment within Ameren. We
5 have a dedicated supply diversity executive that's
6 focused on that particular business segment. And I'll
7 talk in detail about that as well.

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

17 And so, when we talk about what we buy in
18 these areas from generation, boiler material services,
19 environmental services, construction services, safety
20 material and the like, that gives you an idea of what we
21 buy. And so, before I get into the key program
22 strategies, what I want to do is talk about how Ameren's
23 renewed focus on supplier diversity occurs and the
24 evolution of our program since around 2006. And so, as

1 Richard mentioned, leadership refocused our efforts
2 around supply diversity. We moved from more of a
3 practical approach to being more strategic. How do we
4 incorporate supplier diversity within -- I heard the
5 word DNA -- within the fabric, if you will, of Ameren,
6 the Ameren network.

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

17 And what we've realized in 2006 is that we
18 were right about that Level 1/Level 2 program. And what
19 leadership says is, "Hey, that's not good enough. We
20 need to put some strategies in place to continue the
21 uphill climb, if you will, to become around a
22 Level 4/Level 5 program." Right now we believe we are
23 at a Level 5 program, and I'll tell you why we believe
24 we're there. And when you start talking about what that

1 Level 5 program looks like, you see full-time supply
2 diversity support and staff got cut off there. But we
3 have a supply diversity manager, myself, responsible for
4 Ameren Illinois and Ameren Missouri. And then I have
5 four supply diversity executives on the team that's each
6 focused on a business segment within Ameren. So we're
7 talking about an executive that's focused on business
8 and corporate services. One is -- two of them that's in
9 energy delivery, both Ameren Illinois and Ameren
10 Missouri, and then we have one that's in generation.

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

1 kind of been able to grow from there.

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

20 When we talk in terms of establishing business
21 segment steering committees and goals, the reason that's
22 important for us, for our supply diversity team, we each
23 meet with, on the quarter, with the business segment to
24 talk about what their goals are. So the corporation has

1 a corporate goal, and then that corporate goal cascades
2 down throughout each business unit. And each business
3 unit has a component of that goal that rose up into the
4 corporate role. And what we've then done is said,
5 "Well, we're going to have steering committees, and that
6 steering committee requires all supplier diversity
7 professionals responsible to that particular business
8 unit to go and meet with that particular business."

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

18 We recognize that, in looking at all of the
19 categories, it might not be as fruitful for us to
20 identify all of the categories that we buy. We want to
21 be more strategic. And so what we do is an opportunity
22 assessment. And that basically just says, "Hey, in this
23 particular category, this is what you're spending. Here
24 is what our diverse supplier spend is. We believe it's

1 an opportunity for this category." So you might ask,
2 "Give me an example of what that is." An example would
3 be like, for us, vegetation management. We might say we
4 spend X million dollars a year in vegetation management,
5 but yet we have less than 1 percent of that opportunity
6 that's diverse. That is an opportunity-rich category
7 for us. And so what we do is then our supply diversity
8 executives are more focused on identifying that
9 particular commodity. And so that's what we talk about
10 when we talk about providing opportunity assessments.

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

18 Now, we like to believe we know all of the
19 technical components of the business. We don't. And so
20 what we do is do some preliminary vetting and evaluating
21 to get the diverse suppliers to the business segment,
22 which is what they are asking for, to have the
23 opportunity to present their business services. And
24 what it does is it increases the likelihood of success

1 once their business becomes familiar with them in
2 advance of the business, the bid event. We believe it's
3 too late if we are asked to identify a diverse supplier
4 at RFP. At RFP, we might identify a supplier. Yet, if
5 the business is not familiar with them, the chances of
6 them succeeding goes down.

7 And so that is an opportunity for diverse
8 suppliers to come in. In fact, we've been successful.
9 Richard mentioned the McComb opportunity. We had a
10 matchmaking in Springfield just for that particular job.
11 And we had several of our -- some suppliers, a couple of
12 the diverse suppliers, one that we're finalizing
13 negotiations with who was in attendance in that event.
14 We also had some diverse sub suppliers that this
15 particular company will be using attend that event.
16 Well, that was deliberate. And so, when we're talking
17 about how it was received, it really does underscore
18 that process. Implementing a subcontracting program for
19 diverse supplier participation, well, essentially that's
20 our Tier 2 program.

21 And so what we do, not only are we asking --
22 are we looking to do business directly with diverse
23 suppliers, we're asking our prior suppliers as well to
24 provide diverse suppliers opportunity in that Tier 2 or

1 subcontracting plan. And so what we do is we ask our
2 suppliers to provide a utilization plan on bids that
3 exceed a million dollars. And we say, "Hey, how are you
4 going to provide diverse supplier opportunities as
5 well?" And it doesn't matter for us whether they're
6 diverse or not. In some cases, you will hear, "Well,
7 I'm diverse and we count it at 100 percent."

8 Well, for us we're still asking. So we have a
9 balance scorecard system. We're asking the supplier,
10 "Well, yeah. You are diverse, but we'd still like to
11 see what opportunities, if any -- if there's
12 subcontracting opportunities there, we'd also like to
13 make those available to diverse suppliers as well.

14 Leadership and participation in local,
15 regional, and national diverse organizations/efforts.
16 Well, we believe superior leadership in those
17 organizations are key for us. They're there for us to
18 identify diverse suppliers. And so, when you hear a
19 bunch of acronyms like NMSDC, National Minority Supply
20 Development Council, we participate in those conferences
21 and trades, or EEI, that's our industry organization.
22 That's the Edison Electrical Institute. On the Illinois
23 side, we might say we're with the Illinois Black Chamber
24 or the Illinois Hispanic Chamber of Commerce. And we'll

1 come together for events. The Chicago Minority Supplier
2 Development Council will participate in other events.
3 Once upon a time, there was Wisconsin, Iowa, Central
4 Illinois. We covered downstate. There has since been
5 some consolidation within NMSDC, but now it's Mid-States
6 Minority Supplier Development Council. But those are
7 the types of organizations that we think that it's
8 important for us to participate in and to provide some
9 leadership with as well.

10 Richard talked about the Tuck scholarships to
11 facilitate development and sustainability. And so,
12 again, when we talk about underscoring or emphasizing
13 our access points, development opportunities, and
14 sustainability, we believe this drives development and
15 sustainability because of the rigor at the Tuck Business
16 School. I heard Dr. Lowry talk about Dr. Bremer, but we
17 have a close relationship with Dr. Bremer. In fact,
18 we're working on our next round of candidates to attend
19 the Dartmouth Tuck School of Business. In fact, over
20 the last several years, many of the suppliers that we've
21 awarded those scholarships to have come from Illinois.
22 In fact, the next one that we're considering right now
23 is right here in Chicago that's doing some environmental
24 work for us that we're considering sending or providing

1 the scholarship as well. It really gets to
2 sustainability. We want our partners to be able to grow
3 with us.

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

16 What we're doing this year is a series of
17 smaller summits, if you will. So it's not the one
18 flagship symposium. There's a series of smaller summits
19 that we're localizing for the particular business unit.
20 So, in this case, we're talking, for Ameren Illinois,
21 we're going to have something specific for Ameren
22 Illinois. We're looking to do that in the fourth
23 quarter of this year. We just had one last week, and
24 that was specific for generation. And so those

1 companies that were interested in doing business in our
2 generation space, that's -- they came to that, and then
3 we'll resume the symposium next year. In fact, I think
4 the chairman has come out to one of our symposiums that
5 we had last year in St. Louis.

6 And so, when we talk about our strategies and
7 activities, the reason we show this graph is this is the
8 trendline, if you will, of Ameren Corporation. And so,
9 when you look back at 2008, we were doing less than --
10 we were right at 4 percent. And that's when we had more
11 of a tactical program, if you will. And so it was about
12 104 million. And on the top line there, that's really
13 our total spend of what we spend, Ameren Corporation.
14 And the red trending line, if you will, it is the
15 diverse spend.

16 And so what we've tried to do is capture where
17 we spend and where our percentages were. And then after
18 we executed some of our program strategies and
19 activities, we saw a correlation with the spend
20 increase. And so, when we look at 2013, which is in the
21 report that we just filed -- now, this is Ameren
22 Corporation -- what you'll see, from Ameren Illinois's
23 perspective, is a similar trend line. And so, for
24 example, we finished the year with Ameren Corporation at

1 226 million on the total spend of like 1.9 -- \$1.9
2 billion. But I show that trendline because we believe
3 there is a correlation of the program strategies we put
4 in place and how our spend has increased as well. And
5 that trendline will be consistent as well for Ameren
6 Illinois over the last -- over the last several years.

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

16 And so we have a list of, right now, prime
17 suppliers over, roughly, about 50 or so suppliers that
18 we have employed. We are going through and scrubbing
19 that list again to see where we can identify additional
20 opportunities for prime supplier to support Ameren's
21 commitment to supplier diversity. We talk about our
22 focus efforts to create a sustainable base. Well, we
23 recognize, in our out years, some of our long-term spend
24 is going to go away. Projects can't go on forever.

1 And, in some cases, we have diverse suppliers that's
2 some year-over-year spend that helps create that base.

3 Well, we recognize and we've already
4 forecasted that that spend is going to go away. And so
5 what we've begun doing now is try to fill the pipeline.
6 So we're saying, "Hey, what's going to close that gap
7 for when this project goes away?" We have a couple of
8 opportunities that we believe is going to help close
9 that gap. The other opportunity for us is really
10 pursuing what we call one-hundred-thousand-dollar
11 opportunities. And so those are the trial
12 opportunities, if you will.

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

21 We've already had some successes. We're
22 working on a few more. I'll tell you one. We have one
23 in the room now that we've teed up over the last three
24 years. And we finally got the business in that and they

1 finally were successful in sharing with me today. In
2 fact, I got an e-mail about a month ago or so that said
3 now they're doing some work, a company out of Chicago,
4 they're doing some work with Ameren.

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

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

1 sustainability for us.

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

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

24 MS. VOILES: So we'd be happy to answer any

1 questions you guys might have; or if you're going to
2 hold questions until the end of the session, that's fine
3 as well.

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

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

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

11 Anne Pramaggiore is the president and CEO of
12 ComEd, which has 5,700 employees. ComEd is a unit of
13 Chicago-based Exelon Corporation. ComEd delivers
14 electricity to, approximately, 3.8 million residential
15 and business customers across Northern Illinois or
16 70 percent of the state's population. Pramaggiore
17 joined ComEd in 1998 to work on the company's transition
18 to open a competitive market under the Illinois Consumer
19 Choice Law of 1997. She began working with the ComEd
20 legal team before moving into regulatory affairs and
21 working on significant components of the Consumer Choice
22 Law. Prior to her appointment as president and CEO of
23 ComEd, Pramaggiore served as the president and chief
24 operating officer.

1 Before being named president and COO,
2 Pramaggiore managed customer operations and external
3 affairs. She was promoted to her current position in
4 February of 2012. She is the first female to hold the
5 position of CEO with an electric utility. She is a
6 graduate of DePaul University School of Law and Miami
7 University in Oxford, Ohio. We welcome you, Anne.

8 MS. PRAMAGGIORE: Thank you.

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

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

18 I'm going to quickly turn it over to Anne; but
19 before I do so, I just want to introduce the agenda, the
20 topic and the parts that they'll be covering. Just to
21 give you context, when we think about diversity
22 inclusion, we think of it very broadly. Supplier
23 diversity is definitely a part of it, but also we think
24 of it in terms of the workforce, the workforce

1 development as well as how we think about it in terms of
2 the company, so the company philosophy. And the remarks
3 that you'll hear from all three of our presenters will
4 focus on that.

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

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

12 MS. PRAMAGGIORE: Thank you, Melissa. Chairman,
13 Commissioners, good afternoon. We're pleased to be here
14 and to talk about this very important topic. It's
15 really a part of our corporate culture, diversity and
16 inclusion, and we want to share with you today how we
17 think about it broadly, as Melissa indicated, and then
18 Michelle and Fidel will talk more specifically about the
19 supplier diversity aspects of it, but it really flows
20 from the whole culture that we try to set at ComEd.
21 And, as Dr. Lowry indicated, the job of leadership is
22 really to set the vision, to make the case, and to
23 create the culture. And everything emanates from that.
24 So that's the piece that I want to really start out with

1 today.

2 We believe very strongly that creating and
3 maintaining a diverse workforce and a culture where
4 diverse people thrive inside the organization and as
5 partners of the organization not only makes us stronger
6 and smarter, but it's really essential to being
7 successful in the future, and I think particularly so
8 for the utility industry. We're an industry that's
9 facing great disruption and great challenges.

10 Succeeding in the evolving environment that we have in
11 front of us is going to require the best talent and
12 really the most innovative minds. And if we are
13 self-limiting on the pool of talent that we draw from,
14 we're just not going to be successful.

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

24 So, as I indicated, my colleagues are going to

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

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

17 I feel strongly that, in creating the culture,
18 this work has to be part of the line organization. And
19 the two people that you see with me today are part of
20 the line. That's the business they do. This is a part
21 of their work and they are responsible for that and hear
22 discussion on that in their performance reviews each
23 year. So let me just give you a few examples of the
24 work that we've created under several of these elements.

1 To create a more diverse workforce, we've
2 developed a summer internship program. We call it our
3 Youth Ambassador Program. This summer this program will
4 bring in 150 young people to learn our business. And
5 last year the class was well over 50 percent diverse.
6 Last year we developed the Construct Job Training
7 Program in conjunction with 18 of our construction
8 industry partners. We have engaged the Chicago Urban
9 League, the National Latino Educational Institute, and
10 the YWCA as well as Bethel New Life to help train the
11 diverse apprentices that we brought into the program,
12 train them for the construction field. These candidates
13 then do on-the-job training with ComEd and our partners.
14 I would also like to add our internal union, Local 15,
15 began a Minority Labor Council just this past year, and
16 one of the leaders, Andrea Simmons, one of our
17 linemen -- linewoman is here today. She is one of the
18 leaders on that newly developed council.

19 Those are some of the things that we're doing
20 to develop the pipeline around a diverse workforce to
21 increase supplier diversity, and you'll hear more about
22 this activity. But we're an active participant in the
23 Chicago United Five Forward Program. We're actually a
24 founding member. Under this program, we make a

1 commitment to establish or expand existing relationships
2 with five local diverse firms. And Stephanie Hickman,
3 from Trice Construction, is one of our suppliers that
4 we've worked with for a number of years and she's here
5 today.

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

22 So those are some of our efforts. You'll hear
23 more about the results of these efforts, because that's
24 what really matters at the end of the day. And we're

1 among the first to recognize that this is an evolution.
2 It's a journey and one that requires work and, as it
3 continues, improvement. We're not done. We're not
4 there yet. But just a few data points to give you a
5 sense of where we are on the journey.

6 In 2013, almost 50 percent, 48 percent to be
7 precise, of ComEd's executive team was diverse, a woman
8 or a person of color. In 2011 to 2013, approximately,
9 45 percent of ComEd's hires were women or people of
10 color. In the supply realm, in 2013, ComEd spent \$1.3
11 billion with third-party suppliers, 23 percent or \$350
12 million was spent with diversity certified suppliers,
13 and that was a 22 percent increase over 2012.

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

19 COMMISSIONER MAYE: Thank you.

20 MR. FIDEL: Thank you, Anne. And thanks again to
21 the Commission for inviting us here today. We're very
22 happy to share our story and what we're doing. I'm
23 going to talk to you a little bit about diversity and
24 our workforce development efforts.

1 You know, as we create the grid to meet the
2 needs of the 21st century, we're placing heavy emphasis
3 of also creating that leadership and the workers that
4 will take over the responsibility for this grid and lead
5 us into the future here. So diversity is certainly
6 central to this approach and we're doing this in very
7 integrated ways.

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

15 We're also utilizing a management pipeline
16 program to bring in a diverse group of college entrants
17 into entry-level positions, including engineering. In
18 2013, we included 105 college interns, 48 engineering,
19 57 others. This included a group of 46 percent minority
20 and 41 percent female. But we also recognize that this
21 diversity inclusion needs to start earlier in the
22 education process, not just at the college level. And
23 we have several educational initiatives that support
24 this, including the ComEd Exelon Stay in School Program

1 where we work in three high-risk communities in Chicago.

2 Since we started that program in 2006, the
3 graduation rate for the students in that program is
4 above 90 percent compared to their colleagues, which
5 circles around 60 percent. In fact, this program was
6 nationally recognized by the U.S. Department of Commerce
7 Ron Brown Award For Community Corporate Leadership in
8 2006. And we continue with this program today.

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

24 We're leveraging our refrigeration recycling

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

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

24 We've been partnering with City Colleges of

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

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

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

1 forward to telling you more about it.

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

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

19 MS. BLAISE: Thank you, Fidel. And good afternoon,
20 everyone. It's a pleasure to be here. As vice
21 president of engineering and project management, I work
22 closely with many people internal to ComEd, as well as
23 suppliers, to really plan and build the infrastructure
24 work that we do to improve the system performance. This

1 gives us an opportunity to really not just focus on
2 improving customers, but also engage with minority and
3 women-owned businesses to grow their work with us. Some
4 areas that we -- a few key areas that we've been able to
5 do are really mentoring, focus on sustainability, and
6 growth.

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

20 We also, in terms of sustainability, with the
21 Energy Infrastructure Modernization Act, it's more than
22 just a program of work to improve system performance, as
23 I had mentioned earlier before, but it also gives us a
24 huge opportunity to grow capabilities of NWBEs in areas

1 that are core to a utility; engineering, electrical
2 construction, IT work, as well as technical consulting.
3 We are doing a lot of work around -- and I'm very proud
4 and I'll talk about some of the specific NWBE companies
5 that we work with and EIMA may have helped them grow.

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

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

20 MZI Group is a Hispanic and veteran-owned
21 association. They started working as a subcontractor to
22 a major contractor with us doing a few vaults, vault
23 work, maintenance on our vaults a few years ago when we
24 initiated the energy Infrastructure Modernization Act.

1 Now they're doing thousands of manholes, maintenance
2 work for thousands of manholes a year, primarily, in the
3 Chicago area, as part of that work.

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

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

23 With that, I'll turn it back to Anne
24 Pramaggiore.

1 MS. PRAMAGGIORE: Thank you. I think that
2 concludes our presentation. We're happy to take
3 questions or wait and take them later.

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

7 MS. PRAMAGGIORE: Thank you.

8 COMMISSIONER MAYE: Thank you all for coming.

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

13 Mr. Linginfelter has been serving as executive
14 vice president of distribution operations since December
15 of 2011. As chairman and CEO of the company's seven
16 utilities, Mr. Linginfelter is responsible for all
17 operating functions of the utilities, as well as
18 overall responsibility for regulatory and governmental
19 affairs, economic development, and supply chain.

20 Mr. Linginfelter currently serves on several boards in
21 Atlanta and he also serves on the Leadership Council of
22 the American Gas Association. He has a bachelor's
23 degree in industrial management from Georgia Tech and a
24 master's in business administration from Georgia State

1 University.

2 Mr. Linginfelter, thank you for being with us.

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

20 At our company, we know there is more than
21 just a good way to do business. There is also the right
22 way to do business. And we believe our role as a
23 utility that has four-and-a-half million customers
24 across several states in the country is one that has

1 great stewardship attached to it. And we take that
2 seriously and deliver to the best of our ability on that
3 stewardship. In addition to that, we believe supplier
4 diversity is important for our employees, our investors,
5 our customers, certainly policymakers and leaders. And
6 for our employees, in particular, they expect -- our
7 diverse workforce expects our company to walk the talk
8 as a company that believes in diverse suppliers and
9 being successful in that area.

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

17 Let me talk a little bit about our
18 foundational principles around supplier diversity. They
19 start with advocacy groups to development through the
20 procurement and then to reporting. And I'll describe,
21 in some more detail, what those items really mean and
22 explain those, the actual steps we're taking to be
23 successful in those four areas in our supplier diversity
24 program. Today, I want to highlight several 2013

1 projects, our goals for 2014 and initiatives that will
2 foster a program of success and help us build against
3 and reach against our long-term objectives.

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

15 We have implemented additional supplier
16 diversity training for our supplier chain teams so that
17 they are focused on how to best recruit diverse
18 suppliers from across our footprint, and we've
19 implemented specific supplier-diversity-related
20 performance goals for our employees. Those will
21 eventually come with compensation requirements next
22 year, but today we actually do have goals for our
23 employees. We report regularly to our CEO and Chairman,
24 John Somerhalder, who you've heard from before here in

1 this room, and we report to our board of directors
2 regularly around our accomplishments on supplier
3 diversity, and our board is very focused on this area.

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

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

21 LEAD Council is what some companies will call
22 a diversity council. It looks at workforce diversity
23 and often supplier diversity. LEAD, in our company,
24 stands for leadership, empowerment, acceptance, and

1 diversity. And I'm proud to tell you that the chairman
2 of our LEAD Council is Beth Reese. So even though she's
3 got a full-time job for running Nicor Gas every day, for
4 our entire corporation, Beth is responsible for chairing
5 our LEAD Council. And, as I mentioned earlier, is very
6 passionate.

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

18 We've also fostered more with the Chicago
19 Urban League in partnership with them. We have a board
20 member on the Chicago Urban League, Anthony McCain, who
21 is here in the room today, one of our lead vice
22 presidents in the corporation here at Nicor Gas. And
23 we've built relationships through event participation,
24 and you can see some of the organizations that we are

1 working closely with of various backgrounds and types to
2 make sure that we are focused on and engaged in the
3 right activities and working with the right
4 organizations across Illinois. And we have also
5 participated in a number of other events and will
6 continue to do so as we move forward in making sure
7 we're effective around supplier diversity.

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

22 And the legislature did something great in the
23 qualified infrastructure program legislation that, in
24 essence, brought us here today. They allowed us a

1 thoughtful and structured way to spend money on renewing
2 our system over time to make it more reliable and more
3 safe, and it gives us an opportunity now to hire diverse
4 corporations, companies, individuals, contractors to
5 help execute against a very, very good capital program
6 that we'll execute over the next several years.

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

17 Lastly, Beth Reese was a keynote speaker at
18 the DCO and Business Owners Symposium, that's Women
19 Business Owners Symposium. Earlier this month, several
20 members of our company attended an Exelon-sponsored
21 Chicago Minority Investment Management Forum. We made
22 contacts with minority-owned investment institutions,
23 another opportunity. There is a fair amount of money to
24 be spent when there's pension plans or financing with

1 banks. We'd like to see more of that in the finance
2 business. It's an area where I think utilities,
3 generally, and certainly our company, have lots of
4 upside. We've been very undiverse around finance
5 operations and we see enormous opportunities over the
6 next several years in that area.

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

16 A couple of really good examples of success
17 around our monitoring program in the last few years here
18 in Illinois, we have partnerships with Millhouse
19 Engineering and Urban GIS. Through our supplier
20 diversity business development program, both of those
21 companies have been elevated from second-tier status to
22 first-tier status. So our spending is direct with them
23 and growing. And we're establishing strategic
24 relationships with many of our first-year partners to

1 identify more opportunities for second-tier vendors.
2 First-tier suppliers who are diverse often will have
3 second-tier suppliers who are diverse. First-tier
4 suppliers who aren't sometimes will and sometimes want.
5 We believe there's lots of opportunity to identify more
6 second-tier partners with our first-tier; particularly
7 our nondiverse first-tier partners, we think there's a
8 lot of opportunity.

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

15 More recently we have -- in procurement, we
16 have improved our process for procuring business. Now,
17 our RFP process scores and grades value is diverse
18 supplier status and we evaluate that in a matrix. It's
19 a balance scorecard just as we heard in earlier
20 discussion about it. But we do evaluate each RFP and
21 place a measurable value on whether the vendor, who is
22 bidding for the business, is a diverse supplier. This
23 factor is measuring several other criteria, but it is
24 certainly an advantage to have diversity in the mix for

1 the RFP.

2 This year we're modifying our existing
3 contracts and our future contracts with vendors and
4 contractors to add more rigor and emphasis around the
5 support for our supplier diversity goals. We will be
6 working that through that second-tier process that I
7 mentioned earlier to make sure that any contracts we
8 specify a value or a preference for diverse second-tier
9 vendors. So we look forward to success from those
10 results as well.

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

1 that reporting to you, but also inside our company where
2 it is very important to us.

3 And then on next slide, before I dive into our
4 2014 goals, I want to share a bit of where we have been,
5 which has helped determine where we're going. From 2012
6 to 2013, happily we saw an uptick in our spend with
7 diverse suppliers. Our MB spend increased from \$2.6
8 million to 7.6 million in a year's time, so it was a
9 tripling of our spending with MBE. It's still a small
10 number. One we're still not satisfied with and not
11 really proud of, but we are very pleased we tripled our
12 spend with MBEs.

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

20 I placed in our 2013 actual numbers and our
21 2014 goals on one page so that you could see easily how
22 we're doing on those. And we also want to tell you the
23 whole story about where we are with our spending. The
24 charts note our total diverse spend results, including a

1 small business, along with minority-, women-, and
2 veteran-owned businesses. And I'm going to focus in
3 specifically on our results and goals with minority-,
4 women-, and veteran-owned businesses. That is where our
5 emphasis is and needs to be.

6 You can see, in 2013, our spend with
7 minority-, women-, and veteran-owned businesses was 5.37
8 percent of our overall eligible budget. Our 2014 goal
9 is 9 percent, so it's a substantial increase in our
10 performance year over year that we are aiming for. And
11 in 2013 our spend on minority-, women-, and
12 veteran-owned businesses, as I mentioned earlier, was a
13 total of \$15.9 million in 2013. Our goal in 2014, from
14 15.6 to \$23.8 million.

15 Now, in spite of an 11 percent decrease in our
16 projected-eligible spend, so our spend actually is going
17 down year over year, we are targeting to increase our
18 total diverse spend by more than 25 percent compared to
19 2013. The main factor in our decrease in our spending
20 that's eligible is a decrease in the funding on our
21 energy efficiency programs, and that is where some of
22 our minority spend and women-owned-business spend has
23 been. But we're going to overcome that with more
24 spending in those areas for 2014. So smaller overall

1 spend is a larger percentage for minority- and
2 women-owned business. And, going forward, we anticipate
3 increasing our eligible spend, and thus, in turn, our
4 total diverse spend going forward year over year in '14
5 to '15. And that will be largely what I foreshadowed
6 earlier, a lot more investment in capital programs to
7 build a qualified infrastructure program that will be
8 presented to the Commission earlier this year.

9 Now, I mentioned we want to be at 9 percent
10 next year and we want that number to continue to rise in
11 the coming years. We will not be satisfied until our
12 diverse spend exceeds 20 percent moving up, trending
13 towards a 30 percent total over a several years period.
14 It's not something that will happen in a year. It's
15 probably not something that will happen in two or three
16 years. But over the next five, six, seven, ten years,
17 we would like to see our spend reach well above
18 20 percent targeted towards 30 percent. And our entire
19 team will not be satisfied until we've done that.

20 We do see business partnership limitations in
21 certain areas. For example, many current and
22 prospective partners face challenges accessing capital
23 to expand their businesses, and some potential partners
24 do not understand the process for becoming a certified

1 diverse vendor. You've heard some of that earlier
2 today. We know that these are areas where we can work
3 collectively with you, as our regulators, with
4 policymakers, with legislators, with other businesses,
5 our fellow utilities, and other organizations to help
6 support and close our gap on diverse spending. I firmly
7 believe we can get to our goal and I know that our
8 entire team is committed to doing so and we're excited
9 about that opportunity.

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

24 We appreciate the opportunity to participate

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

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

13 COMMISSIONER MAYE: Thank you very much for coming.

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

16 THE REPORTER: I'm okay.

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

22 Mr. Evans was appointed president in June of
23 2008 and is responsible for the strategic, tactical, and
24 operational direction for natural gas operations in

1 Illinois. Mr. Evans began his career with Peoples as a
2 summer engineering intern before joining full-time in
3 1977. In his nearly 39 years with the company,
4 Mr. Evans has held several senior positions across the
5 business. In 1997, Mr. Evans was vice president of
6 informational technology services, a position he held
7 until 2003 and he was promoted to vice president of
8 operations.

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

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

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

22 When I sat down and listened to Dr. Lowry's
23 comment, it brought something to mind. He made a
24 comment of the utility industry taking the lead on

1 vendor diversity many years ago. And not just vendor
2 diversity, diversity itself. And, I myself, was a
3 product of that. And when you look in the State of
4 Illinois, I think we should all be proud that the
5 utilities are led by diversity. They have diverse
6 leadership that's represented in this room and the many
7 conferences and events I attend I think is pretty
8 profound at the State of Illinois.

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

18 Peoples Gas is an old utility, over 150 years
19 old. When I started working for the company almost 40
20 years ago as an intern -- maybe 40 this year -- there
21 was very little diversity, if none, in management.
22 There were no diverse officers. There were very few
23 diverse managers in the company. But that's not the
24 case today. Peoples Gas has over 52 percent persons of

1 color representing the company across all realms, from
2 the very top down throughout the entire workforce.

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

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

23 Before I turn it over to Arti Shadid, she is
24 the director of strategic sourcing, I want to just

1 highlight our commitment to vendor diversity. As I had
2 mentioned before, diversity goes beyond just vendor
3 diversity. Peoples Gas is a part of the fabric of the
4 City of Chicago. The City of Chicago has been our
5 service territory. I'm also president of North Shore
6 Gas, which has served 54 communities in northeastern
7 Illinois. We feel our workforce represents that and we
8 are working toward having our supplier base represent
9 that also. We know we can and we should do better.

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

22 Another thing one of our predecessors
23 mentioned is working with the local unions who define
24 the workforce for our contractors. Like I have control

1 over the diversity of my workforce. And one reason --
2 another reason to push vendor diversity is so that
3 diverse vendors employ diverse people. And our
4 contractors pulled that pool from -- they're primarily
5 for people that's the laborers' union, and the operating
6 engineers are the vast majority of the workforce that
7 our contractors use. You have to find a way. You have
8 to work to getting it. The Urban League, we partner
9 with the Urban League to do that, and I think we all are
10 beneficiaries from it. We have to find ways to take and
11 put people into those apprenticeship programs so that
12 they become employees working for contractors.

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

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

24 MS. SHADID: Thank you, Will. And thank you,

1 Commissioners, for the opportunity to be here today.

2 I want to start out by telling you our DBE
3 spend doubled going from 29 million in 2012 to
4 60 million in 2014. More specifically, when we look at
5 our MBE spend, it increased from 5.8 million in 2012 to
6 7.3 million in 2013. Our WBE spend increased from 22
7 million in 2012 to 52 million in 2013.

8 When we include our small business spend, the
9 total DBE and SBE spend increased from 112 million to
10 130 million going from 2012 to 2013. So buyer diversity
11 is part of our commitment, our commitment to the
12 communities we serve. And central to operations is
13 delivering safe and reliable services and the best value
14 to customers. And we recognize that supplier diversity
15 is a key role in helping us.

16 So the 2012 filing highlighted our opportunity
17 to increase our businesses with MBE and WBE spend. In
18 2013, while we started the pre-qualification process for
19 potentially new MBE and WBE suppliers, we also continued
20 to provide more opportunity to our existing MBE/WBE
21 pre-qualified suppliers. So we would be shifting spend
22 from non-diverse suppliers to an MBE or a WBE supplier.
23 As you can see from the chart here, we have successfully
24 increased WBE 34 percent from 2012 to 2013 and we

1 continue to look for more opportunities there. Our MBE
2 spend also increased about 26 percent and we realize we
3 have a lot of work to do there.

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

11 Our overall supplier diversity in minority-,
12 women-, and veteran-owned businesses went up 31 million
13 from 2012 through 2013. We saw a shifting of spend from
14 nondiverse suppliers to diverse suppliers. About
15 50 percent of that came from large nondiverse suppliers
16 and about 50 percent from small businesses.

17 So, at a high level, our major and general
18 activities include requiring the third-party
19 certification. We've added a third-party certification
20 collection and tracking process for all DBEs. In the
21 past, we relied on self-reporting and self-certification
22 of diverse suppliers in compliance with the requirements
23 of the federal government reporting. However, in order
24 to adopt best practices in the industry, we have changed

1 our reporting and we've established new processes to
2 request third-party certificates. We're also including
3 DBEs in every qualified government opportunity.
4 Resources such as the City of Chicago Supplier Diversity
5 Database are being used by our sourcing professionals
6 who ask for potential DBE supplier information by
7 category to include in our procurement processes. We're
8 also using National Minority Supplier Development
9 Council Database, the Illinois Black Chamber of Commerce
10 database, VetBiz, which is the veterans' business Web
11 site, and Thomas to name a few.

12 A cross-functional group of employees from our
13 engineering operations and supply chain work together to
14 identify and qualify Illinois and WBE companies that can
15 successfully compete for services and materials needed
16 by Peoples Gas and North Shore Gas. To ensure this is
17 done safely, reliably, and in the interest of our
18 customers, a valuating team follows the
19 pre-qualification process which encompasses a detailed
20 review of their operated qualifications, supplier safety
21 plans, historical safety records, emergency plans, and
22 other requirements depending on the category of the
23 business. We're also -- the DBE spend is being tracked
24 through subcontractors. All of our major requests for

1 proposals and contracts with new and existing
2 contractors requires them to subcontract to a DBE and
3 also requires tracking of this spend through proactive
4 tracking.

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

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

23 We are focusing on education and proper
24 qualifications of DBE suppliers. AGL and North Shore

1 Gas states safety as a top priority, and this is
2 expected from all primary contractors and
3 subcontractors. We take pride in Tailor's support to
4 help DBEs understand the AGL and North Shore Gas's
5 operational requirements and how they can position
6 themselves to make their rulings.

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

16 We are continuing to focus on unbundling with
17 the clear intention of carving out smaller opportunities
18 for qualified MBE and WBE suppliers. As an example,
19 we're bringing on a qualified MBE supplier right now
20 that has currently provided us a cost at a higher than
21 market, but we're carving out a small opportunity and
22 believe in the future of the partnership with them to
23 help them grow so they can expand their ability with
24 time to take on more business competitively.

1 Another MBE supplier refused to bid on a
2 project because the project was too big and we took a
3 twofold approach. One, we connected them with the
4 primary supplier that won the bid to subcontract part of
5 the project to the MBE supplier; and, number two, we
6 discussed with them their work capacity to help us
7 better in carving out smaller projects that they can
8 actually take on.

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

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

1 organizational needs.

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

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

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

23 And we're going to have questions. And we
24 don't have a whole lot of time left. So we're going to

1 encourage you to be brief responding to the questions.

2 And, also, we'll try to make our questions concise.

3 I've got a couple starting with Mr. Evans.

4 Thank you. There are a couple of things there. First

5 of all, let me say something generally speaking here.

6 I'm really pleased with the number of actions that have

7 been mentioned here today that are either going to be

8 done this year or next year or were done last year.

9 What that tells me is that there is movement, and I'm

10 pleased with that. There is significant movement.

11 And, Representative Davis, you're responsible

12 for that movement. Thank you for the report.

13 And it's been emphasized that you have to have

14 data, you have to report that data, and you have to put

15 it to work in order to guide decision making. And so I

16 think everyone has moved in that direction. And I

17 appreciate the comments acknowledging that the

18 weaknesses currently exist, the deficiencies that exist.

19 Because, if you acknowledge it, you accept it, and then

20 you're ready to do something about it.

21 And I appreciate the statement, Mr. Evans,

22 about the fact that you have lots of people of color and

23 women in the top echelons, but, believe me, I know the

24 feeling and I know that that puts on us an extra burden,

1 added responsibility, to make sure that that progress is
2 not just at the top, but it's throughout the entire --
3 through the entire company, and you've all highlighted
4 that.

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

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

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

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

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

24 MR. EVANS: Yes.

1 COMMISSIONER DEL VALLE: -- doing business with
2 diverse companies?

3 MR. EVANS: Yes.

4 COMMISSIONER DEL VALLE: -- with subs or whatever?

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

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

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

21 COMMISSIONER DEL VALLE: Okay.

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

24 COMMISSIONER DEL VALLE: And I agree with you. To

1 ComEd, I have to say that, while I appreciate the
2 initiative of the programs, the fact is, when you add up
3 the numbers of participants, it is a drop in the bucket.

4 MR. EVANS: It is.

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

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

22 For Nicor, you mentioned finances in that
23 sector. Again, I'm so glad you mentioned that because
24 there are opportunities. There are folks out there who

1 can do the work in that department. They just haven't
2 been given the chance to participate, and you
3 acknowledged that.

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

11 MR. WILLIAMS: Melvin Williams.

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

14 MR. WILLIAMS: Melvin Williams, senior vice
15 president of planning and business services. And,
16 Commissioner, thanks for that comment. We've actually
17 spent a considerable amount of time looking at what we
18 described are nontraditional areas, and finance is one
19 of those areas. In fact, we've spent the last two years
20 in Chicago engaging key potential business partners
21 around opportunities and areas such as pension,
22 commercial financing, acquisition financing, and
23 other -- other opportunities in what we would describe
24 as those nontraditional areas.

1 I'm pleased to say that one of the individuals
2 with Loop Capital is in the room, Sidney Dillard. And
3 Sidney and I have had a number of conversations and
4 we're hoping, over the next several months, to be able
5 to engage in a partnership. And Arrow Finance is
6 another organization that we've engaged potential
7 opportunities in as well.

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

20 COMMISSIONER MAYE: Thank you, Commissioner. I
21 also have a couple of questions. The first is regarding
22 a Tier 1 versus two-tier diversity spending. I know
23 many of you all touched upon it in your report.
24 Specifically, Ameren stuck out to me because she said

1 that you require a diverse business utilization plan
2 when you're considering your events. However, how many
3 of the utilities here actually require your Tier 1
4 contractors to use diverse Tier 2 contractors, if you
5 know that offhand?

6 MS. SHADID: We do.

7 A SPEAKER: We do.

8 COMMISSIONER MAYE: It's required? Everybody?

9 MR. WILLIAMS: It is currently not a requirement.

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

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

22 COMMISSIONER MAYE: I'm curious to know --

23 MR. WITHERSPOON: No. I was just going to say -- I
24 was going to say, for ours, we have -- we've established

1 a threshold for when we require our prime suppliers to
2 report. We want to look at maximizing as much Tier 2
3 opportunity as possible, and so we look at our projects
4 that's anything that's north of a million dollars and
5 having that be the requirement. And it is our trigger
6 for looking for supplier diversity intervention plans.

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

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

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

20 MR. WITHERSPOON: Yes.

21 MS. BLAISE: Yes.

22 COMMISSIONER MAYE: And then my second question
23 focuses on the professional -- I'll call them
24 professional services organizations, such as legal and

1 financial services, which was mentioned earlier.

2 I think those organizations or those
3 professional services firms tend to be lacking in the
4 diversity spend just based on all of the reports, at
5 least, that were filed on February 1st. And I'm curious
6 to know why you think that is and what can we do to get
7 more -- to get those professional organizations involved
8 in the diversity -- the diverse suppliers that you're
9 hiring.

10 MS. PRAMAGGIORE: One of the things I just wanted
11 to reference, we didn't talk about it in our
12 presentation. But Sidney Dillard also works with us
13 from Loop Capital, you know, and I just have to give
14 credit to my predecessor, Frank Clark, who worked with
15 Jim Reynolds at Loop Capital several years ago to set up
16 a minority bank credit facility. And I think it was one
17 of the first ones, certainly, in the utility business.
18 It may have been one of the first ones in the country.
19 It's about a 34-million-dollar credit facility. We go
20 out every year and reissue that. It's completely a
21 minority-based credit facility. And what it does is it
22 gives the banks a chance to establish themselves with,
23 you know, a big company like ComEd, have that on their
24 resume, and it expands their opportunities going

1 forward. But I think, you know, it takes some people
2 focused on getting that done. But I think there is some
3 precedent for those sorts of things in financial
4 services and legal services.

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

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

24 As it relates to legal, something similar.

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

9 COMMISSIONER MAYE: Okay. And the last -- oh,
10 Mr. Lowry.

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

18 When I used to design this thing, one of the
19 things that we dealt with is with accounting firms.
20 It's the same problem with CPA firms, the lack of
21 confidence in handing over the whole kit and caboodle to
22 a minority firm, but we would then second the amount of
23 work. And usually they had the CPA firms doing the
24 foundation audits. So that became the segmentation for

1 the minority firms so you can segment the work that
2 everybody feels comfortable that they have the capacity
3 to do.

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

16 With equity you can grow a business to size.
17 You can give them the capacity to grow. There are
18 existing institutions like the National Association of
19 Investment Counselors that are set up. They have
20 capital. I am a part of a firm that they have
21 \$300 million to invest. So where can we find a firm to
22 invest this money? If we could find the firm, it could
23 be the sweet spot that you talked about for strategic
24 opportunities. That would be a win-win. So we could

1 invest in a growth-oriented company. They could grow to
2 meet your needs. The companies will have the capacity
3 that they feel comfortable with, and then we create
4 larger businesses that could hire more people. I'm
5 sorry.

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

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

21 MR. LOWRY: Well, I'm very moved. I mean, I'm
22 giving away my age. But I can remember a conversation I
23 had with Gene Tracy when he was the CEO of Peoples Gas,
24 and there were no people of color at that time. And the

1 only thing I can say is, we should never give up hope.
2 I mean, we should all try and do what we can. You never
3 know what kind of comment you might have over breakfast
4 that might influence a person that has a tremendous
5 impact on the whole industry.

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

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

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

1 higher level.

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

4 MR. PEREZ: Yes. In terms of the public sector's
5 participation in supplier diversity or even initiatives
6 that try to improve the spend for small businesses, I
7 think, generally, the public sector is slower than the
8 private sector in making some of those adjustments.

9 Now, I don't know what it's like here in
10 Illinois, but in California it's still an issue in
11 general. Despite all of the progressive leadership that
12 is in the state, you would think that it would be a
13 little bit further along. And then there is also
14 concerns that I've heard about the small business spend
15 from the Department of Energy at the federal level. So
16 there is clearly a space for problem solving in all of
17 these areas. And so I think that we just all need to be
18 mindful and be ready to try to solve some of those
19 problems.

20 COMMISSIONER MAYE: Thank you.

21 COMMISSIONER COLGAN: Well, first, I would just
22 like to say, I would just like to thank everybody for
23 your presentations and the effort that you put into
24 pulling all of that information together and the fact

1 that you had to have something going on back at the shop
2 to pull from to put those presentations out here. It
3 was really good information. And, really, I was glad to
4 hear all of the comments.

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

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

19 COMMISSIONER COLGAN: Thank you very much.

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

21 MR. PEREZ: Yes.

22 COMMISSIONER COLGAN: It's about General Order 156.
23 I'm interested in how that came about. I was thinking
24 that maybe it was an order that came about on the

1 motion, their own motion of the Public Utility
2 Commission. But I think I heard you say that the
3 General Assembly actually ordered the Public Utility
4 Commission to come to issuing the General Order 156.
5 Can you give a little refresher on that?

6 MR. PEREZ: Yeah. California legal framework
7 begins by creating the law through policy and then
8 having the law -- the proposal signed by the governor,
9 which then becomes chaptered and becomes law. Under
10 California law, a state agency that's responsible for
11 administering that section is required to create
12 regulations. The regulations go through public
13 discourse. And then, after everybody agrees, they
14 basically agree to the regulation and then it's adopted.
15 And that's what's used to enforce the statute.

16 And so I'm not sure how it works here in
17 Illinois, but that's the process.

18 COMMISSIONER COLGAN: It's actually pretty similar
19 to that. Yes. All right. Thank you.

20 COMMISSIONER MCCABE: It sounds like there is kind
21 of a supply-and-demand issue. In terms of legislation
22 setting goals as helping, there may be not enough
23 suppliers in certain areas now. How do we collectively
24 help make sure there are enough people to fill the goals

1 that are being set by the companies?

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

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

19 And I will say that we've been very mature in
20 that area from a corporate standpoint. We have a lot of
21 opportunity at Nicor. We've merged the two companies
22 three years ago. And our starting point is not the
23 starting point where we would like to see our efforts.
24 And we acknowledge that, but we're very committed.

1 Dr. Lowry, your first bullet is something that
2 we talk about internally all of the time. And it starts
3 with the engagement and commitment of our management
4 team.

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

14 That's taking a long view, because I would
15 caution us not to just focus on today, but to focus on
16 the long view because that's how you get traction.
17 That's how, as Dr. Lowry said, you know, many years ago,
18 the utility industry was on the forefront and all of us,
19 who are employed by those industries that are diverse,
20 are beneficiaries to that. We need to do that same
21 thing when we think about how do you create employment
22 opportunities, careers in our industry. And from that I
23 think you focus on going to -- trying to grow businesses
24 organically, not letting them get trapped inside of just

1 programs, but, you know, trying to grow them so that
2 they can do for us, that are in the infrastructure
3 business -- that's what our business is. That's where
4 the big dollars are -- is to try to grow businesses
5 inside there because that's where the big dollars are.
6 That's where the long-term dollars are.

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

22 When you're talking in terms of capacity,
23 capacity is a function of the size of the project that
24 you're performing. And so, in some cases, we're not

1 performing mega projects where it limits not only
2 diverse supplier, but small businesses. So when we look
3 at one-hundred-thousand-dollar opportunities or less,
4 then we start looking at those as opportunities for
5 growth for some companies who have been non-incumbent
6 companies to Ameren. And so, in one case, we've
7 introduced an electrical contractor. They might not be
8 a ten-million-dollar company, but we're not doing a
9 ten-million-dollar-sized job. And so that becomes the
10 prime opportunity for them to get their foot in the door
11 at Ameren, and they can get some experience and traction
12 with them and we can help them grow in that capacity.

13 I leave you with one other example. We have
14 an engineering company, David Mason & Associates, who is
15 doing some of our civil-substation-type work. Well,
16 they don't have electrical engineering as a core
17 competence of theirs. And so what we've done is we've
18 leveraged -- in our electrical engineering design group,
19 we've leveraged an opportunity to mentor them in that
20 space. And so now they're able to grow in their core
21 competencies. Not only will they be providing a civil
22 substation design now, now, in addition to that, they'll
23 be able to grow and provide some
24 electrical-engineering-type design as well. So those

1 are some of the things we're doing to kind of help grow
2 the capacity and scale some of our suppliers.

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

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

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

1 because of that multiyear plan that's out there now.

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

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

19 Anne Pramaggiore talked about growing
20 businesses from the ground up, if you will. That takes
21 a company, probably, that doesn't know that they can
22 plan a space and saying, "Here, maybe this is something
23 that you can do." Maybe you are a construction company,
24 but you have not thought about this part of construction

1 in growing and monitoring. So I think it's really just
2 about telling what they do so people understand, "Oh,
3 maybe I can do this."

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

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

18 And so we may not have the sufficient numbers
19 of suppliers, because I did take a look at the profile
20 for Illinois. In the Hispanic community, you know,
21 we've got a lot of restaurants. And the utilities say,
22 "Hey, look, you know, we can only do so much catering."
23 But we also have some emerging professional groups in
24 legal services, information technology. They're not

1 quite the size that they need to be. We have a very
2 robust construction section. So we do very well in
3 construction. But every community is unique and you
4 have to come up with a strategy for each one of them.

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

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

16 But there is a new day out here when we
17 started. I mean, I remember -- I shouldn't tell this
18 publicly. But, when Harold Washington died, we were
19 talking about what were going to be the goals for the
20 city of Chicago, and we came up with 25 percent for
21 minorities and 5 percent for women. And the mayor said
22 to me, he said, "Can we reach those goals?" And my
23 reply was, "Yes, you put the goals out there. It's
24 going to be a driver that people will then come and

1 create the businesses to take advantage of that
2 opportunity." And I think the same is true here. So if
3 you put the goal out there, there are many people now,
4 25 years, 30 years later, who are leaving corporate
5 America at 50. We're part of something called the
6 Executive Leadership Council, which is all of the top
7 blacks in corporate America, the CEO or two people down.
8 Many of them are leaving corporate America at 50 with
9 sizable sums of money. They're looking for
10 opportunities to be entrepreneurs. So if there's some
11 way we could connect those people with experience, with
12 opportunities in their field or other fields, I see
13 another alternative to just having organic growth,
14 creating businesses with the top brains from corporate
15 America with people who have experiences in the field.

16 A good example is automotive. We're on board
17 with Toyota. So we're using people who have had that
18 kind of experience who are putting money in, but they
19 have to have somebody in automotive who understands the
20 industry or they can't play as a distributor. That is a
21 model that could be used over and over, but part of it
22 is just communicating. We talked about capital, and
23 there are people out there. We just don't communicate
24 where these opportunities are and how big are the

1 opportunities. If we can do that and connect those
2 people with this new generation of entrepreneurs who
3 have done corporate, made their money, are willing to
4 invest, be entrepreneurs in the next phase of lives, I
5 think we can really celebrate the growth.

6 COMMISSIONER McCABE: I'm good.

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

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

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

1 the utilities. And so I can't emphasize that enough.
2 And for years as a legislator, 20 years as a legislator,
3 as the City Clerk of Chicago, I can't tell you the
4 number of times I just heard people say, "Well, yeah.
5 We're doing our part. We're working with the Chamber.
6 We're working with the African-American Chamber. We're
7 working with the Hispanic Chamber." And, I said, "It's
8 not enough, not nearly enough."

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

16 And how much of it -- you talked about kind of
17 traditional partnerships that exist in some of these
18 industries, and we're talking about some very old and
19 well-developed companies here in an old and
20 well-developed industry. How much of that is an issue,
21 too, in terms of breaking through, maybe, the
22 relationship that companies have had? We talked about
23 the trust factor with accounting and professional
24 services and legal. How much of that's an issue? And

1 it is my assumption that it isn't necessarily correct
2 that there aren't firms out there now, that all of this
3 has to be grown, that there are firms out there that can
4 do this is really an accurate one.

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

15 Now, a lot do. But I'm just saying we can't
16 always just think, like you've both asserted, to think
17 only there, so we have to go out. They're there and,
18 you know, there are different ways of finding them.
19 It's going to be different. You have to use different
20 analytical approaches to try and find them, but they're
21 there. And they're the ones who want to start
22 businesses but don't understand the opportunities we
23 represented here today. That's the other part of the
24 communication.

1 I hate to say this, but there is going to be a
2 gas line coming down from Canada when we get through all
3 of this stuff. Okay. When I read about this every day
4 it's going to happen. When is another story. I don't
5 want to get into politics. And the first question I
6 always ask, when we're looking at this billion-dollar
7 opportunity, how many women and minorities are going to
8 be participating in that plan? What are we doing today
9 to ensure, whenever the papers are signed and it starts
10 coming down from Canada, that minorities and women
11 participated in this huge opportunity?

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

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

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

24 MR. PEREZ: Well, actually, after the first hearing

1 that President Peevey had in California. I own a
2 business called Latino Journal. It's a publication.
3 And we actually wrote him a letter making a suggestion
4 that the Commission create this group inside their
5 organization. But I think the Commission wasn't
6 interested because it had a rogue advisory group that
7 they had just dealt with, that they didn't want to go
8 down that road again. And so they approached me to
9 create this group and that they would support it. And
10 it wasn't financial support. It was basically just, you
11 know, we'll be there when you need us kind of a deal.

12 And so the membership was, that we have 26
13 members, was essentially composed by the commissioners
14 and myself and a couple of other folks and the executive
15 director of the Public Utilities Commission. We
16 identified a very diverse group of people who are
17 representative of California geographically, race,
18 ethnicity, gender, et cetera.

19 And we have ten utility companies that are
20 members, and all of the members are officers of the
21 Council. We meet once a month and we bring all kinds of
22 issues to the group. And we meet four hours a day and
23 we discuss some pretty heavy-duty, you know, discussions
24 on issues, all kinds of issues. But it's turned out to

1 be a problem-solving, human-interacting force that helps
2 the goals and objectives of supplier diversity, but we
3 also deal with employment issues, philanthropy,
4 corporate governance, reaching language-limited
5 ratepayers. You know, how do we get to those folks? So
6 it's kind of a multitude of things that we do.

7 CHAIRMAN SCOTT: I appreciate it. Thank you.

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

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

24 A SPEAKER: For the professional services, I think

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

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

19 COMMISSIONER DEL VALLE: You indicated that your
20 general counsel is on board with diversity growth?

21 A SPEAKER: Mm-hmm.

22 COMMISSIONER DEL VALLE: And so there is no
23 question there because the culture of the company is
24 supportive of that, right?

1 A SPEAKER: Right.

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

5 A SPEAKER: Right.

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

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

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

21 MS. BLAISE: For ComEd, we have a supplier
22 diversity office, and Emmett Vaughn is here. He
23 oversees for all of Exelon. So it's not just ComEd,
24 multiple business units. Those types of services, he is

1 our point person, and that's, really, he will direct
2 them and get them to the right people to talk to as
3 well.

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

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

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

15 At this point, we'll close. But we definitely
16 wanted to thank -- this absolutely would not have been
17 possible without our four advisors, so Sandy McNeal,
18 Danisha Anderson, and Jeff Orcutt, Martin Klein --
19 Klein, I'm so sorry. They are really the -- that's
20 not -- charge it to my head and not my heart because
21 they've been working so very hard on this. If Miguel
22 and I have been working 100 percent, they've been
23 working 500 percent. And this would not have happened
24 without them. So we truly appreciate it.

1 STATE OF ILLINOIS)
2 COUNTY OF COOK) SS.

3

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

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

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

15

16

17

JENNIFER L. BERNIER, CSR, RPR, CLR

18

19 CSR No. 084-004190

20

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

22

23

24 _____