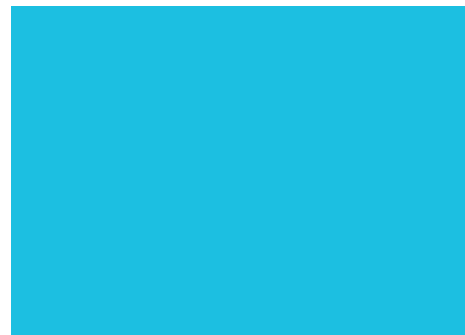


Supplier Diversity

2019

ANNUAL REPORT



PEOPLES GAS® | NORTH SHORE GAS®

We Keep Life Moving



CONTENTS

I.	Executive Message	1
II.	Dashboard	3
III.	Terms and Definitions	4
IV.	Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year	7
V.	Policies and Methodology	15
VI.	Supplier Diversity Business Goals	18
VII.	Areas of Procurement for 2020	22
VIII.	Challenges and Opportunities	23
IX.	Certifications Accepted	24
X.	Point of Contact	25
XI.	Success Stories	26
XII.	Illinois Commerce Commission Website	28
XIII.	Appendices	29

I. Executive Message

The Peoples Gas and North Shore Gas Supplier Diversity program continued to expand opportunities for diverse businesses in 2019.

Overall spending on diverse suppliers represented nearly 24% of total procurement, the highest percentage of overall spending in the history of the program.

2019 RESULTS

- \$142.2 million spent with diverse suppliers, representing 23.71% of our total procurement spend – a record high spend and percentage
- \$37.2 million spent on professional services with diverse suppliers, an increase of 9.3% over 2018 — a record-high spend
- \$58.7 million spent with Tier I diverse suppliers, an increase of about 3.5 percent over 2018
- \$100.2 million spent with diverse suppliers based in Illinois, representing 70.5% of our total diverse spend
- \$46.8 million spent with WBEs, representing 33% of our total diverse spend
- \$94.1 million spent with MBEs, representing 66.2% of our total diverse spend



[The Peoples Gas System Modernization Program \(SMP\)](#) remained a key driver of the Supplier Diversity Program in 2019.

- Diverse spending represented \$54 million of the \$183 million spent on procurement for SMP in 2019.
- The 2019 SMP diverse spend accounted for 38% of the total diverse spend for Peoples Gas and North Shore Gas.
- Over the next 20 years of the SMP program, Peoples Gas expects to spend about \$51 million annually with diverse businesses — a total of about \$1 billion.

FOCUS FOR 2020

The Peoples Gas and North Shore Gas Supplier Diversity program is poised for continued growth and success in 2020 and beyond.

This year we are looking for ways to fully leverage our Facilities of the Future program to maximize the use of diverse suppliers. We continue to partner with all diverse suppliers to identify new business opportunities and expand their capabilities. We also continue to develop our mentoring relationships with up and coming diverse suppliers.

We look forward to working with the ICC and our other stakeholders to increase economic investment, employment and the quality of life in the communities we serve as we continue to grow the program.

Thank you,

Charles Matthews
President & CEO
Peoples Gas and North Shore Gas

II. Dashboard

The Companies were able to achieve an overall spending of



\$142,243,413

with diverse businesses at **23.7%** of the total procurement spend.

Overall Procurement spend with diverse suppliers went up from

21.5%

to

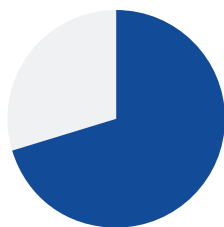
23.7%

from 2018 to 2019.

Tier I diverse spending has increased by

3.5% TO **\$58,718,094**

from 2018 to 2019



In 2019
70.5%
was spent with
Illinois-based firms.

A **14%** increase
in the number of diverse suppliers in
2019 brought the total number to
277

30 New Diverse Suppliers



Spending
in 2019:

Women
Business
Enterprises

\$46.8M

Minority
Business
Enterprises

\$94.1M

Veteran
Business
Enterprises

\$1.3M

Professional
Services

\$37.2M

III. Terms and Definitions

The definitions of minority-, women- and veteran-owned business enterprise ("MWVBE") and small business enterprise are derived from the U.S. Small Business Administration Code of Federal Regulations. Foreign-owned companies operating in or outside of the U.S. are not included.

MINORITY-OWNED BUSINESS ENTERPRISE

"Minority-owned business enterprise" ("MBE") means a business enterprise (1) that is at least 51 percent owned by a minority individual or group(s) or, if a publicly owned, for-profit business, has at least 51 percent of its stock owned by one or more minority groups; and (2) whose management and daily business operations are controlled by one or more of those individuals. The contracting utility shall presume that minority includes, but is not limited to, Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans and other groups, as defined herein. The business holds a certificate by a third party who determined on the basis of firm-provided information and the representations therein that the business is a bona fide MBE.

WOMEN-OWNED BUSINESS ENTERPRISE

"Women-owned business enterprise" ("WBE") means a business enterprise (1) that is at least 51 percent owned by a woman or women or, if a publicly owned, for-profit business, has at least 51 percent of its stock owned by one or more women; and (2) whose management and daily business operations are controlled by one or more of those individuals. The business holds a certificate by a third party who determined on the basis of firm-provided information and the representations therein that the business is a bona fide WBE.

VETERAN-OWNED BUSINESS ENTERPRISE

"Veteran-owned small business" ("VBE") means a small business (1) that is at least 51 percent unconditionally owned by one or more veterans, or in the case of a publicly owned, for-profit business, has at least 51 percent of its stock unconditionally owned by one or more veterans; and (2) whose management and daily business operations are controlled by one or more veterans. The business holds a certificate by a third party who determined on the basis of firm-provided information and the representations therein that the business is a bona fide VBE.

SMALL BUSINESS ENTERPRISE

A small business enterprise, as defined by the Small Business Act, is independently owned and operated, not dominant in its field and within the size standards established by the Small Business Administration (SBA).

III. Terms and Definitions

TIER I SUPPLIER

A Tier I supplier is a contractor, supplier or professional service business that is considered a prime supplier, or one that has a direct contractual relationship with (a) Peoples Gas and/or North Shore Gas or (b) WEC Business Services LLC (WBS) and supports Peoples Gas or North Shore Gas. These companies are paid directly by Peoples Gas, North Shore Gas or WBS and are considered a direct contractor of Peoples Gas, North Shore Gas or WBS.

TIER II SUPPLIER

A Tier II supplier is a contractor, supplier or professional services business that has a direct contractual relationship with or otherwise performs certain services or provides materials to a prime supplier, and therefore is not being directly compensated by Peoples Gas, North Shore Gas or WBS.



ILLINOIS-BASED SUPPLIER

An Illinois-based supplier, for purposes of this report, is defined as a supplier whose remittance address is in the state of Illinois, regardless of where its corporate or sales office is located.

PROFESSIONAL SERVICES

The services offered in the tertiary sector of the economy requiring special training to provide support to businesses and provide management advice are referred to as "professional services." Service providers included in the professional services field are typically required to hold a professional license or advanced degree. The following commodities are considered professional services under the companies' Supplier Diversity Initiative: consulting, engineering/tech services (environmental), finance-accounting-auditing (investment banking), human resources, information technology services, legal, marketing and advertising.

III. Terms and Definitions

THE PEOPLES GAS LIGHT & COKE COMPANY

The Peoples Gas Light & Coke Co. (Peoples Gas) is a regulated gas utility company serving the city of Chicago. Collectively, Peoples Gas and North Shore Gas may be referred to as the “companies.”

NORTH SHORE GAS COMPANY

North Shore Gas Co. (North Shore Gas) is a natural gas utility company serving 54 communities within the northern suburbs of Chicago. Collectively, North Shore Gas and Peoples Gas may be referred to as the “companies.”

WEC BUSINESS SERVICES LLC

WEC Business Services LLC (WBS) is a subsidiary of WEC Energy Group Inc. (WEC). WBS provides support services such as human resources, finance, legal and governance, and supply chain to WEC’s subsidiaries. The spending amounts indicated herein include WBS diverse spending for Peoples Gas and North Shore Gas projects.

WEC ENERGY GROUP, INC.

WEC Energy Group Inc. (WEC) is an energy holding company based in Milwaukee, Wisconsin. Its operating subsidiaries provide natural gas and electricity in regulated and nonregulated markets. WEC is the holding company of Peoples Gas, North Shore Gas and WBS.

IV. Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year

2019 Spend and Vendor Utilization

Company Expenditures with All Suppliers**

Spend Category	Total (in thousands)				
Overall	\$599,920				
	Direct	Tier II	Total	Actual	Goal
MBE	\$36,985	\$57,148	\$94,134	15.69%	12.00%
WBE	\$20,666	\$26,175	\$46,841	7.81%	8.00%
VBE	\$1,066	\$202	\$1,268	0.21%	0.30%
Total M/W/VBE	\$58,718	\$83,525	\$142,243	23.71%	20.30%

Company Expenditures with Illinois-Based Suppliers**

Spend Category	Total (in thousands)				
Overall	\$351,431				
	Direct	Tier II	Total	Actual*	Goal
MBE	\$26,842	\$46,212	\$73,054	20.79%	12.00%
WBE	\$8,618	\$18,387	\$27,004	7.68%	8.00%
VBE	\$38	\$131	\$168	0.05%	0.30%
Total M/W/VBE	\$35,498	\$64,729	\$100,227	28.52%	20.30%

*Note: Illinois actual percentage is expressed as a percentage of total spend with Illinois-based suppliers.

**Above numbers are subject to rounding.

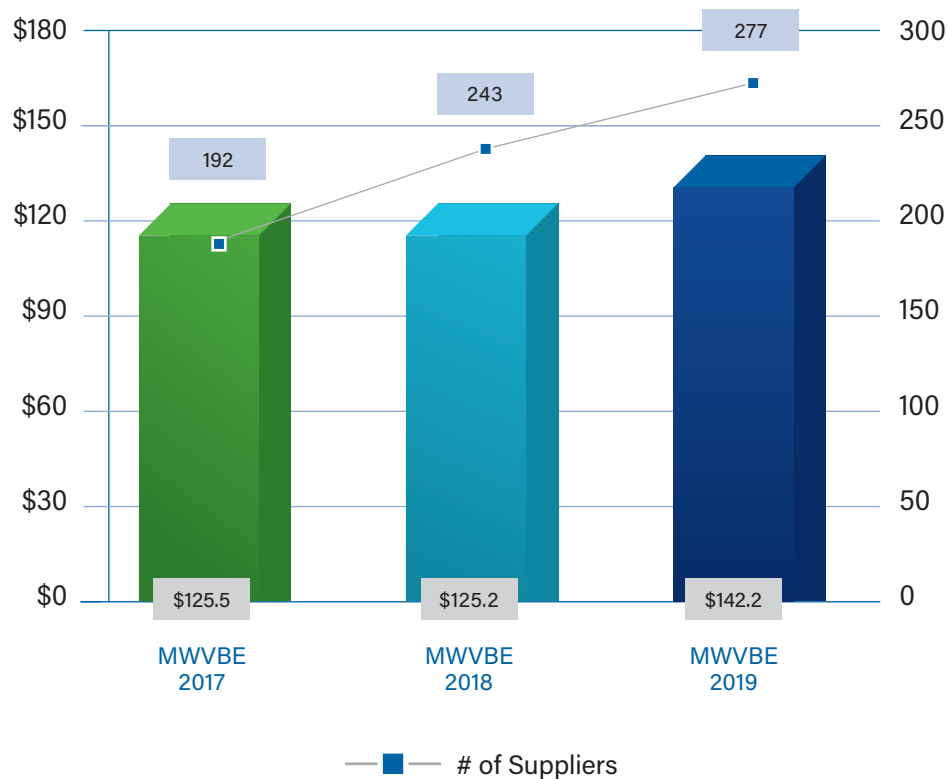
IV. Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year

Peoples Gas and North Shore Gas set the goal of achieving \$110 million in diverse spending for 2019, and the companies were able to achieve an overall spend of \$142.2 million with diverse businesses at 23.71% of the total procurement spend. The 2019 total percentage represented the highest spend percentage achieved with diverse suppliers since the inception of the formalized supplier diversity process.

Of the \$142.2 million spent with diverse suppliers in 2019, \$100.2 million, or 70.5 percent, was spent with Illinois-based firms.

The table below depicts the 2017–2019 historical spend with diverse suppliers. A total of 277 diverse suppliers were utilized in 2019, an increase of 14 percent from 2018, all contributing to the \$142.2 million diverse spend.

Year-Over-Year SDI Comparison (\$ in Millions)

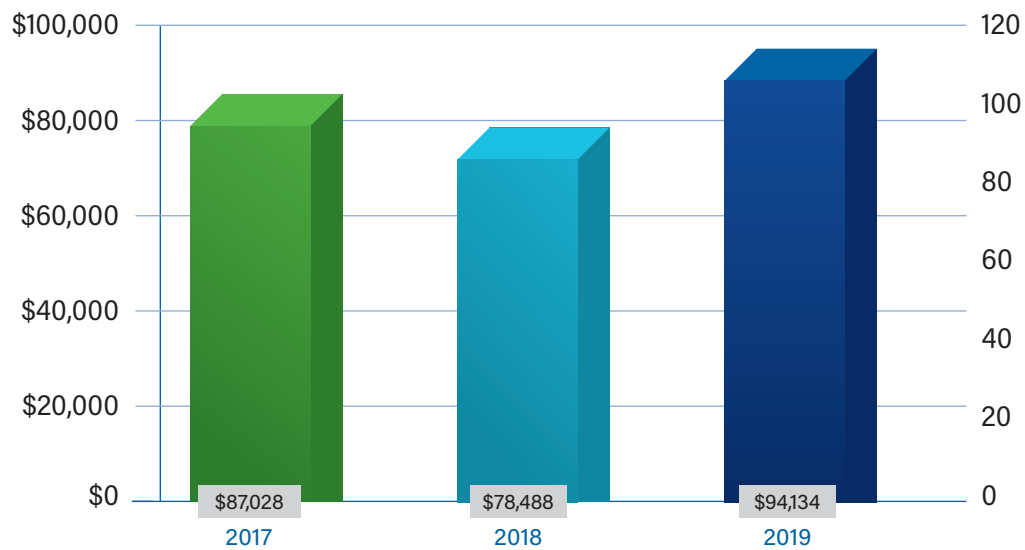


IV. Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year

MINORITY-OWNED BUSINESS ENTERPRISE (MBE)

Diverse spending in the minority-owned business enterprise (MBE) category totaled \$94.1 million, or 15.69% of the total procurement spend.

MBE—Year-Over-Year (\$ in Thousands)

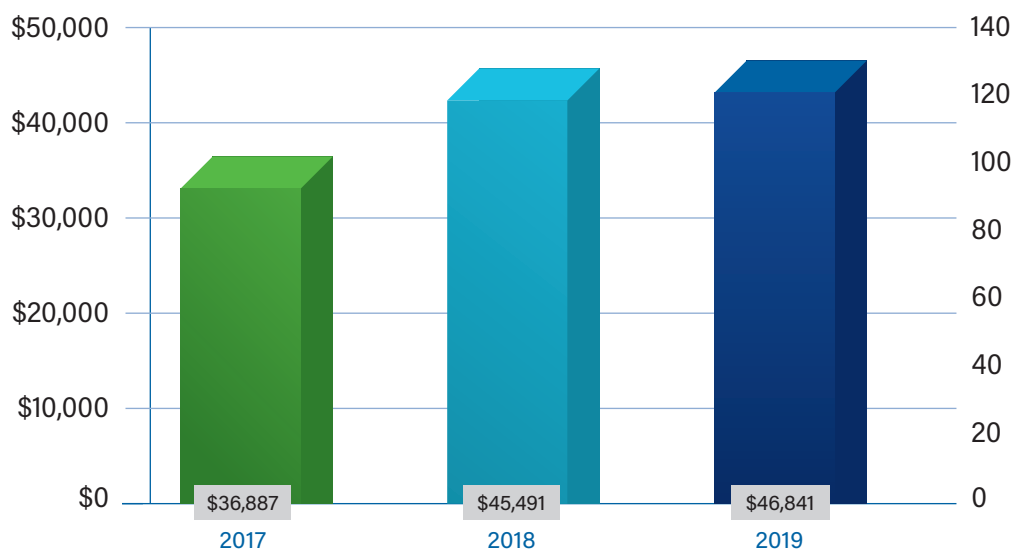


IV. Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year

WOMEN-OWNED BUSINESS ENTERPRISE (WBE)

In 2019, spending in the WBE category totaled \$46.8 million, or 33 percent of the total diverse spend. Previously, the companies unbundled or reduced the size of contracts to enable more women-owned firms to compete based on their capacity and resources. The strategy has continued to contribute to a higher spend with women-owned businesses over the last three years.

WBE—Year-Over-Year (\$ in Thousands)

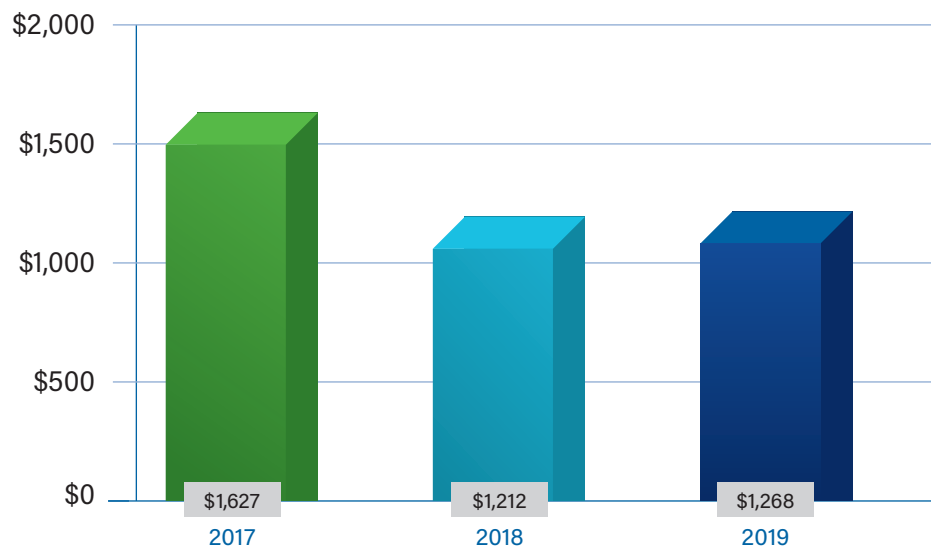


IV. Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year

VETERAN-OWNED BUSINESS ENTERPRISE (VBE)

In 2019, we accomplished spending of \$1.3 million with veteran-owned businesses.

VBE—Year-Over-Year (\$ in Thousands)

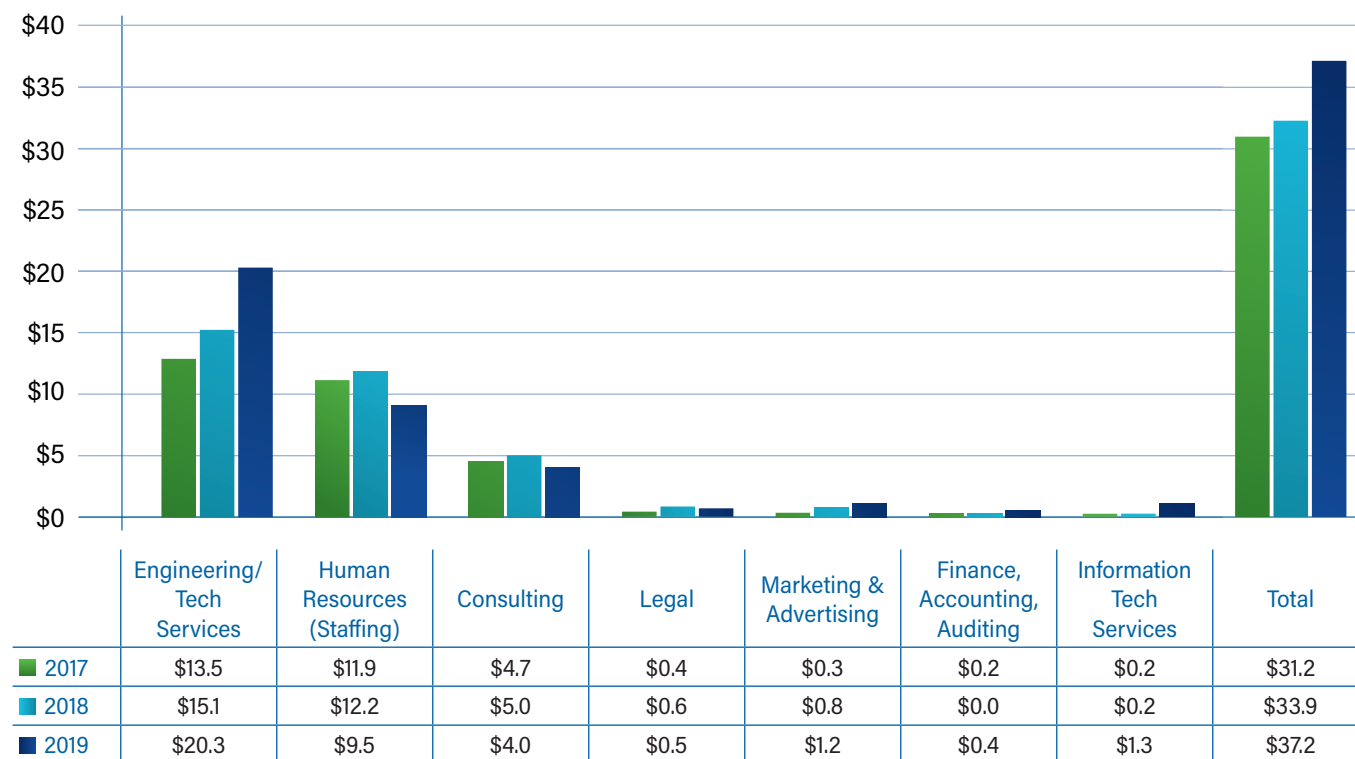


IV. Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year

PROFESSIONAL SERVICES SPENDING

Professional services spending totaled \$37.2 million in 2019, an increase of 9.3 percent. Human Resources, Engineering Tech Services and Consulting represented the top three spending categories, accounting for 91% of the total spending in this category.

Professional Services SDI Year-Over-Year Comparison (\$ in Millions)



TIER II RESULTS

In 2019, the companies continued to execute on strategies to achieve the collective 20% goal that has been set for prime supplier spending with diverse companies. These efforts resulted in Tier II spending of 23.7%. This result was accomplished through relationship management with our prime supplier partners and ongoing improvements in metrics and reporting.

IV. Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year

SYSTEM MODERNIZATION PROGRAM

For 170 years, Chicagoans have depended on Peoples Gas to deliver natural gas safely, reliably and affordably to their homes and businesses. The System Modernization Program (SMP) is critical to improving the long-term safety and reliability of Peoples Gas' infrastructure. Peoples Gas spent over \$180 million—approximately 30% with diverse suppliers—completing work on the System Modernization Program and Transmission projects. Diverse spend associated with system modernization continued to serve as the foundation of our supplier diversity program in 2019 accounting for nearly 40% of our total diverse spend.

PEOPLES GAS AND NORTH SHORE GAS ENERGY EFFICIENCY PROGRAM

The Peoples Gas and North Shore Gas Energy Efficiency programs provide residential and business customers with free and discounted products, energy assessments and incentives to encourage the adoption of energy efficiency improvements in homes and buildings. Customers can reduce their energy use, save money on energy costs, and make their environments more comfortable by taking advantage of energy efficiency incentives. The companies have continued to look into Tier II opportunities with diverse suppliers providing program marketing services or acting as trade ally partners performing in-house field services and energy audits.

NEW SUPPLIERS

The companies contracted with a net total of 30 new diverse suppliers in 2019. These suppliers represent a wide variety of categories, such as Construction, Marketing and Advertising, Consulting Services, Environmental Services and Legal Services.

External Initiatives

The companies participated in the following successful outreach events during 2019:

- **February 18:** Illinois Utilities Business Diversity Council (IUBDC) Strategic Planning Workshop
- **March 5:** IUBDC Legislative Reception
- **April 11-12:** Illinois American Water Supply Chain Summit & Supplier Diversity Forum
- **April 17-18:** Chicago Minority Supplier Development Council Annual Business Opportunity Fair (CBOF)
- **May 3:** Construction and Transportation Awareness Luncheon
- **May 7:** IUBDC OEM Tier I Supplier Workshop
- **May 9:** HACIA Monthly Members Meeting
- **August 1:** Illinois Hispanic Chamber of Commerce (IHCC)—Make-The-Connection Business Conference
- **August 7-9:** Illinois Black Chamber of Commerce Annual Statewide Convention
- **August 22:** Peoples Gas/FH Paschen/McKissack & McKissack Joint Supplier Exchange

IV. Summary of Minority-, Women- and Veteran-Owned Business Enterprise Goals and Spending in the Previous Calendar Year

- **September 6:** Women's Business Development Center—Chicago Annual Women's Entrepreneurial Conference
- **October 10:** Negocios Now: Empowering the Latino Business Community Event
- **October 13-16:** National Minority Supplier Development Council (NMSDC) Annual Business Opportunity Fair
- **October 24:** Illinois Hispanic Chamber of Commerce (IHCC) October Fiesta

Internal Initiatives

Peoples Gas, F.H. Paschen, McKissack and McKissack Joint Supplier Event

Peoples Gas, F.H. Paschen and McKissack and McKissack co-hosted a "reverse" minority supplier vendor fair at the Peoples Energy Training Center on August 22, 2019. Typically, exhibitors at fairs are corporate representatives or contractors and suppliers attend to network and sell their products and services to the corporations or contractors. Flipping the roles for this event, minority suppliers exhibited and were empowered to sell and promote their businesses and own the networking opportunities with the corporations and contractors.

The event was heralded as a great success for all parties that attended. F.H. Paschen and Peoples Gas renewed and strengthened relationships with 49 companies, including 16 minority supplier exhibitors. Attendees overwhelmingly mentioned that the most beneficial aspect of the fair was the accessibility to decision makers. F.H. Paschen Project Managers were in attendance, as well as the Peoples Gas Facilities Construction Manager.

In total, 67 people attended the "reverse" vendor fair at the Peoples Energy Training Center, which is in close proximity to the new Central Shop and Logistics Facility under construction.



V. Policies and Methodology

COMPANY SUPPLIER DIVERSITY POLICIES

The companies' Supplier Diversity Program (SDI) is governed by the Corporate Supplier Diversity Policy Statement. Detailed guidelines provide necessary structure to align procurement practices in order to encourage and promote the development, utilization and growth of minority-, women-, service-disabled-veteran- and veteran-owned businesses that want to provide quality products and services.

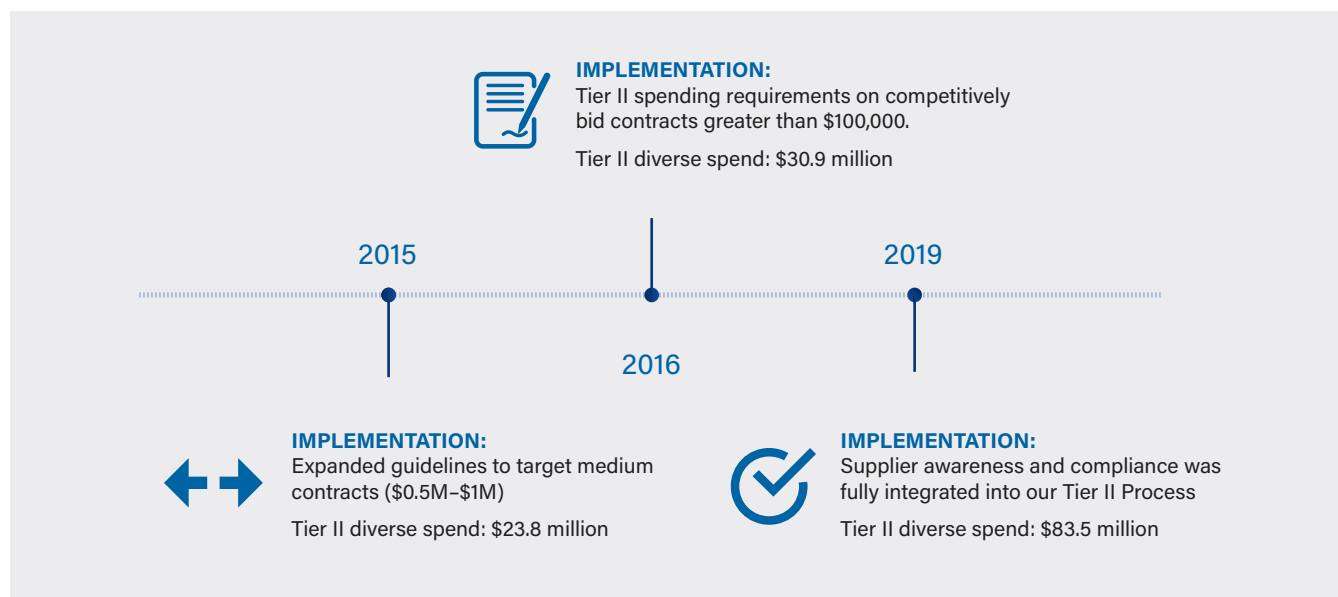
The Corporate Supplier Diversity Policy Statement resides on various WEC company websites, including: www.peoplesgasdelivery.com/sdi and www.northshoregasdelivery.com/sdi.

METHODOLOGY

The Corporate Supplier Diversity Policy continues to focus on improving overall supplier performance with the certified diverse firms that we do business with through the following strategies:

We have developed supplier performance scorecards for critical suppliers as a mechanism to ensure our suppliers receive timely feedback on their overall performance.

- We are meeting with our prime suppliers on a quarterly basis and our new suppliers semiannually to communicate their performance against the service-level expectations.
- Tier II spending and subcontractor development is a criterion and part of the scorecard.



V. Policies and Methodology

Tier II plans (diversity utilization plans) are required during the request for proposal (RFP) process as part of the competitive bidding practice. The plans submitted by invited bidders also are used to formulate realistic targets for diversity spending, monitor supplier spend achievement and utilize diverse subcontractors. If a Tier I supplier does not fulfill its commitments to the agreed-upon subcontracting plan terms outlined in its contract with the companies, the following action will be taken:

- Communicate the expectations with the Tier I supplier and confirm that the results to date are not meeting expectations to meet the goals.
- Hold meetings to identify the barriers that are making it difficult to achieve the goals.
- Collaborate with Tier I supplier to identify additional Tier II suppliers and/or any other needed assistance.

If the companies do not see improvement after initial communication and follow-up with the Tier I supplier, future work may be reallocated to another Tier I supplier with a proven track record of successfully meeting the committed diversity goals. The companies will also consider the Tier I supplier's inability to meet its subcontracting targets in future contracting opportunities.

SCHEDULE OF EXCLUSIONS

Payments made for the goods and services listed below are not considered "expenditures" and therefore are not included in any of the calculations made in this report.

Employee expenses (salary, benefits, expense reimbursements, performance awards, petty cash, etc.)
Parent, associated and/or subsidiary companies (charges for services rendered to the parent, e.g., accounting, engineering, tax, advertising costs, etc.)
Government agencies (taxes, street opening fees, license fees, etc.)
Other fees for utility services (natural gas, electric, water and phone)
Fines
Purchases from foreign-owned companies outside of the United States
Charities and philanthropic contributions
U.S. Postal Service
Power or commodity purchases (natural gas and/or electricity for resale or nuclear fuels)
Damages

V. Policies and Methodology

SCHEDULE OF EXCLUSIONS (Cont.)

Lease buyouts
Easements
Garnishments
Tuition to colleges and universities
Memberships
Inter-entity payments
Revenue accounts (refunds due customers)

VI. Supplier Diversity Business Goals

PLAN TO INCREASE PARTICIPATION

Chicago United

The companies continued to engage our prime suppliers in the Five Forward initiative as “Champion Circles” to extend the concepts of strategic partnerships and sustainable mutual growth by strengthening their own relationships with five minority partners.

The companies continue to adhere to the Chicago United Five Forward Initiative process to strengthen their internal sourcing process and enhance the relationships with MBE partners that have potential to build scale and become regionally and nationally competitive. The Five Forward Process ensures that the relationship is formulated around the mutual alignment of success metrics on projects that will have substantial impact on the companies’ and suppliers’ overall progress.



IMPROVED ENGAGEMENT AND REPORTING

Five Forward Committed Corporations are actively engaged in Chicago United programming with other member companies that prioritize diverse business partnerships. The programming enhances the skill set around managing business diversity programs by forming a community of practitioners from a wide array of industries to share best practices. Chicago United has also enhanced the reporting and technology related to Five Forward to bring greater visibility to each Committed Corporation’s year over year spend with their partners to easily identify trends and areas of opportunity.

VI. Supplier Diversity Business Goals

PLAN TO ENGAGE AND ENCOURAGE POTENTIAL SUPPLIERS

Supplier Engagement

We continued to engage previously vetted suppliers in 2019 by providing access to our strategic buyers through the standard practices of our Supplier Diversity Initiative. Providing transparent information, formal and informal mentoring, and ongoing access to buyers and end users is a practice that will continue to be developed and institutionalized throughout our organization.

The companies continue to partner with other Illinois utilities through the Illinois Utilities Business Diversity Council (IUBDC), collaborating to host events focused on growth initiatives, prime supplier engagement and accountability, providing uniform and streamlined access to all Illinois utilities, and facilitating access to buyers and decision makers within our respective organizations.



Advocacy Engagement

Additionally, the companies continue building relationships with local and national advocacy organizations to increase outreach and continue defining the organization's short- and long-term plans to filter the procurement opportunities.

The companies will continue to partner with several diversity advocacy organizations in 2020, including the following:

- Chicago Minority Supplier Development Council
- Edison Electric Institute
- Federation of Women Contractors
- Hispanic American Construction Industry Association
- Illinois Black Chamber of Commerce
- Illinois Hispanic Chamber of Commerce
- National Association of Minority and Women Owned Law Firms
- National Minority Supplier Development Council
- Women's Business Development Center—Chicago

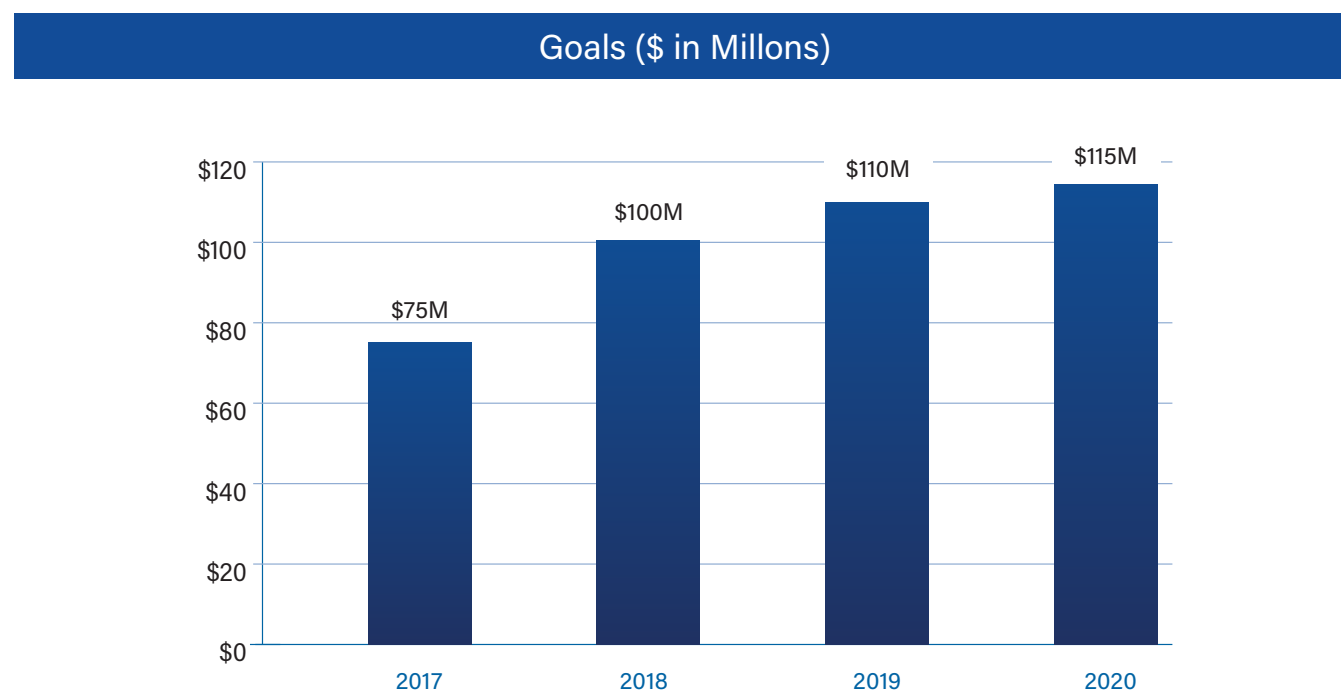
At the local level, the Supplier Diversity team continues to communicate the SDI and long-term goals through speaking engagements at monthly advocacy group member meetings and events.

VI. Supplier Diversity Business Goals

PLAN TO INCREASE COMPANY GOALS

2020 Goals

Peoples Gas and North Shore Gas established the goal of spending \$115 million with minority-, women- and veteran-owned business enterprises in 2020. The 2020 target goal represents a five million dollar increase over the 2019 goal of \$110 million in diverse spending.



Supplier diversity goals are embedded in the overall corporate procurement policies and procedures as a standard part of all sourcing activities. The achievements of these goals are aligned with management performance plans and incentives.

The companies' procurement goals are developed during the annualized budgeting process for long-term capital projects, annual operations and maintenance projects, as well as required services for internal departments that support the companies' operations functions. The annual diversity goals are based on the following factors:

- Past-year budget to actual-spend performance
- Current-year budgeted activities
- Contract expiration dates
- Existing Tier II contract commitment and achievement relative to commitment
- Prior contract savings rates versus current market pricing

VI. Supplier Diversity Business Goals

- Limited pool of diverse suppliers for competitive bidding opportunities
- Exclusion of one-time events that occurred in previous annual budgeted year
- Inclusion of one-time events that are forecasted to occur and budgeted in the future year

Considering all of the above, the procurement and Supplier Diversity goals are determined with year over year performance metrics to calculate the overall percentage of increase or decrease in any given year.



VII. Areas of Procurement for 2020

To ensure the overall procurement strategy is securing goods and services at the most economical prices, the companies will continue to engage in competitive bidding, and engage diverse suppliers in that process, for the following:



- Construction services (e.g., SMP Project)
- Professional services (IT, HR, Consulting, Legal, etc.)
- Engineering services related to facility projects:
 - Architectural, Civil, MEP, Electrical Low Voltage and Technology
- Facility Construction Services (Facilities of the Future Project)
- Energy Efficiency Marketing services
- Restoration services (Hard & Soft)
- Inspection services

VIII. Challenges and Opportunities

The companies face several paramount challenges in finding qualified vendors that are not impeded by capital constraints, a less-than-skilled workforce, or the stringent safety and operational requirements of the utilities sector.

Additionally, many diverse business owners have significant internal business operational risks, such as:

- Changes in business ownership status when acquisitions by majority firms occur
- Balancing relationships and partnerships with larger majority firms who see diverse suppliers as potential threats in a competitive market
- Limited experience in the natural gas utility and pipeline industry, e.g., gas pipe installation and hard restoration

The companies are continuing efforts to attract new suppliers and improve the efficiency and scale of existing suppliers. To complement the companies' partnership with Five Forward, the companies have implemented the "Champion Circle," a Chicago United mentoring initiative. This program provides the structure for Tier I partners to mentor Tier II suppliers.

IX. Certifications Accepted

The companies accept the following diverse business certifications:

- National Minority Supplier Development Council (NMSDC) and its regional Affiliate Councils
- Women Business Enterprise National Council (WBENC) and its partner organizations
- National Association of Women Business Owners (NAWBO)
- U.S. Small Business Administration 8(a) Program
- U.S. Department of Veterans Affairs
- State of Illinois Central Management Services Business Enterprise Program
- State of Illinois Department of Transportation Disadvantaged Business Enterprise
- Cook County Illinois Office of Compliance Supplier Diversity Program
- City of Chicago Certification and Compliance
- National Veteran Business Development Council (NVBDC)
- National Veteran Owned Business Association (NaVOBA)

X. Point of Contact



Walter Gore

Manager, Supplier Diversity

walter.gore@wecenergygroup.com

(312) 240-4267

Danielle Bly

Vice President, Supplier Diversity

danielle.bly@wecenergygroup.com

(414) 221-4836

For additional information on how to register as a MWVBE with Peoples Gas and North Shore Gas, please visit the Supplier Diversity Initiative page at either www.peoplesgasdelivery.com/sdi or www.northshoregasdelivery.com/sdi.

XI. Success Stories

McKissack and F.H. Paschen: Facilities of the Future Joint Venture

McKissack and F.H. Paschen worked together for years for public agencies like Chicago Public Schools and Chicago Housing Authority, where McKissack worked as the program manager and F.H. Paschen was the contractor. Through this positive working relationship, the companies agreed to pursue other work opportunities together.



McKissack and F.H. Paschen saw the Peoples Gas/North Shore Gas Facilities of the Future program as an opportunity to form a joint venture based on their respective strengths, McKissack in design and project management skills and F.H. Paschen in construction. The joint venture created an integrated team structure and committed to a diverse spending goal of 50 percent, more than twice the normal 20 percent requirement for contractors of Peoples Gas and North Shore Gas.

To help reach that aggressive goal, Peoples Gas and the McKissack-Paschen joint venture organized a combined minority supplier vendor fair that was held in August 2019. The fair was intended to involve smaller suppliers that could provide valuable and needed services to support the project. Forty-nine minority companies and key representatives from Peoples Gas and the McKissack-Paschen Joint Venture attended the event. Attendees said the most beneficial aspect of the fair was having direct contact with project managers and decision-makers.

To date, the joint venture has contracted with more than 75 diverse companies on the Facilities of the Future program and is meeting its 50 percent spending goal. In 2019, \$32 million was spent with diverse businesses. Spending with the top suppliers ranged from \$1.2 million to \$4.2 million in 2019.

The joint venture has allowed these and other diverse companies to develop their expertise and capabilities on large capital projects for utilities and to strengthen their relationships with Peoples Gas and North Shore Gas.

“McKissack Paschen JV is committed to expanding the capacity for diverse-owned businesses across Chicago as we participate in the Peoples Gas/North Shore Gas Facilities of the Future program.”

XI. Success Stories



SDI Presence

In 2017, Peoples Gas and North Shore Gas added SDI Presence (SDI) to their Chicago United Five Forward initiative, under which large companies commit to working with five minority firms over five years to develop their expertise and capabilities.

Peoples Gas and North Shore Gas selected SDI and Accenture in 2019 to implement its new enterprise asset management (EAM) system. SDI is charged with testing, training, and change management, and shares the project management duties for the targeted April 2021 implementation.

SDI was also selected to provide project management and change management for a related geographic information system (GIS) system re-architecture project. We expect significant growth in both spend and relationship with SDI Presence in 2021.

The EAM and GIS projects have helped SDI expand its capacity and qualifications in the utilities industry. Many SDI employees had significant utility experience in electric, water, wastewater, and refuse utilities, but had limited exposure to large natural gas utilities like Peoples Gas and North Shore Gas.

The Five Forward Program provided the perfect opportunity for SDI to gain exposure to natural gas operations. This has helped SDI gain the expertise and capabilities to pursue other projects at Peoples Gas and North Shore Gas and with other natural gas utilities.

“Peoples Gas/North Shore Gas fully supports the vision of the Five Forward Program by showing a commitment to developing and expanding relationships with diverse suppliers such as SDI,” said Cecelia Bolden, Chief Development Officer at SDI. “This isn’t limited simply to staff augmentation positions, but includes the opportunity to participate in meaningful lead project roles on Peoples Gas/North Shore Gas engagements.”

XII. Illinois Commerce Commission Website

As required in Section 5-117(f) of the Public Utilities Act 220 ILCS 5/5-117, the Illinois Commerce Commission (ICC) Supplier Diversity webpage, <http://www.icc.illinois.gov/filings/mwvs/>, will provide links to the following Companies' information:

- List of points of contact as noted in Section X of this report
- Annual reports for a period of five years
- List of certifications recognized and accepted as noted in Section IX of this report

The annual reports required by Section 5-117 is due annually on April 15, 2020.

[Home](#) / [Public Utility](#) / [Diversity and Community Affairs](#) /

Annual Utility Supplier Diversity Reports

Annual Utility Supplier Diversity Reports

Gas, Electric, and Water Companies and Energy Suppliers

Section 5-117 of the Public Utilities Act 220 ILCS 5/5-117, as amended by Public Act 99-0906, "require[s] all gas, electric, and water companies with at least 100,000 customers under its authority, as well as suppliers of wind energy, solar energy, hydroelectricity, nuclear energy, and any other supplier of energy within this State, to submit an annual report by April 15, 2015 and every April 15 thereafter, in a searchable Adobe PDF format, on all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises in the previous calendar year," and the utilities' plan for implementing and realizing their goals for the following year. Section 5-117 also requires the ICC and participating entities to hold an [Annual Policy Session](#) that is open to the public on the subject of supplier diversity. The policy session follows the submission of the Supplier Diversity Reports each year.

The ICC requests that "suppliers of wind energy, solar energy, hydroelectricity, nuclear energy, and any other supplier of energy within this State" complete this [Supplier Diversity Report Form](#) and follow the instructions to file it electronically [here](#).

Section 10 of the Railroad Supplier Diversity Act, effective January 1, 2018, states that Class I railroads may submit to the Commission an annual report on supplier diversity, and requires the Commission to hold an annual workshop to hear from the railroads and/or advocates about solutions to improve supplier diversity. The Commission has also invited other organizations not required to file annual supplier diversity reports pursuant to Section 5-117 to do so voluntarily. Information about the railroads reports or for voluntarily filing reports can be found [here](#).

A utility contact list with the diverse certifications each entity recognizes is available [here](#) for 2018 reporting entities and 2018 voluntary reporting entities.

Filings Accepted in 2020

[Citizens Telecommunications Company of Illinois d/b/a Frontier Citizens Communications of Illinois](#)
[City of Batavia](#)
[Eligo Energy IL, LLC](#)
[Frontier North Inc.](#)
[Switch Energy LLC](#)
[Tenaska Power Management, LLC](#)
[Tylex, Inc.](#)
[Vanguard Power Services, LLC](#)

SECTION NAVIGATION

- [Overview](#)
- [Annual Reports](#)**
 - [Annual Supplier Diversity Policy Sessions](#)
 - [Supplier Diversity Point of Contact with Certifications](#)

XIII. Appendices

APPENDIX A

Expenditures by Product/Service Category and Ethnicity/Gender

Minority Men (\$ in Thousands)*

	Direct	Sub-Contractor	Total \$	Total % To Total Purchases
Asian Pacific American	\$171	\$1,035	\$1,206	0.20%
Asian Indian American	\$1,829	\$1,317	\$3,147	0.52%
African American	\$9,863	\$21,368	\$31,231	5.21%
Hispanic American	\$21,693	\$26,638	\$48,331	8.06%
Native American	\$115	\$113	\$228	0.04%
Total: Minority Men	\$33,671	\$50,472	\$84,143	14.03%

Minority Women (\$ in Thousands)*

	Direct	Sub-Contractor	Total \$	Total % To Total Purchases
Asian Pacific American	\$655	\$11	\$666	0.11%
Asian Indian American	\$0	\$0	\$0	0.00%
African American	\$194	\$3,101	\$3,295	0.55%
Hispanic American	\$2,465	\$3,565	\$6,030	1.01%
Native American	\$0	\$0	\$0	0.00%
Total: Minority Women	\$3,314	\$6,677	\$9,991	1.67%

*Above numbers are subject to rounding.

XIII. Appendices

Total Expenditures (\$ in Thousands)*

	Direct	Sub-Contractor	Total \$	Total
Minority Business Enterprise—MBE	\$36,985	\$57,148	\$94,134	15.69%
Women Business Enterprise—WBE	\$20,666	\$26,175	\$46,841	7.81%
Subtotal MBE & WBE	\$57,652	\$83,323	\$140,975	23.50%
Veteran Business Enterprise—VBE	\$1,066	\$202	\$1,268	0.21%
Total: MBE, WBE, VBE	\$58,718	\$83,525	\$142,243	23.71%
Small Business Enterprise—SBE	\$21,307	\$0	\$21,307	3.55%

*Above numbers are subject to rounding.

XIII. Appendices

APPENDIX B

Tier 1 & Tier II	African American		Asian		Hispanic		Native American	
Product Service Description	Men	Women	Men	Women	Men	Women	Men	Women
Analysis & Testing	\$4,424,455		\$733,890		\$2,397,707			
Automotive	\$342,008							
Building Services	\$8,524	\$420			\$2,994			
Building Supplies								
Computer & Office						\$154,785		
Construction	\$18,901,515	\$1,423,693	\$1,486,698	\$11,105	\$22,941,595	\$3,552,702	\$113,520	
Consulting	\$210,650	\$11,584	\$201,211		\$2,077,825			
Credit & Collections	\$114,430							
Energy Efficiency								
Engineering/Tech Services	\$4,599,522	\$1,657,219	\$995,350	\$655,269	\$2,404,593		\$32	
Equipment Rental	\$72,128				\$3,423	\$11,967		
Equipment Repair								
Finance, Accounting, Auditing	\$252,554				\$100,000			
Freight Services								
Gas Distribution			\$45,315					
Gas Storage	\$592,576		\$77,880			\$2,310,161		
Human Resources (Staffing)		\$158,500	\$3,500		\$4,875,413			
Information Tech Services	\$19,460		\$790,382		\$385,995		\$114,396	
Legal	\$194,492				\$1,225			
Marketing & Advertising	\$955	\$7,983	\$19,016			\$68		
Printing Services								
Restoration					\$10,585,379			
Safety		\$34,214			\$9,495			
Security								
Software Maintenance								
Tools		\$1,118						
Trucking/ Transportation	\$1,497,464				\$1,035,888			
Vehicle Maintenance								
Waste Disposal					\$1,509,604			
Grand Total \$	\$31,230,731	\$3,294,730	\$4,353,241	\$666,374	\$48,331,135	\$6,029,683	\$227,947	\$0
Grand Total %	5.21%	.55%	.73%	.11%	8.06%	1.01%	.04%	0.00%

XIII. Appendices

Tier 1 & Tier II Product Service Description	Veteran	WBE						
			Total MBE	Total WBE	Total Veteran	Total Diverse Spend	Total Non-Diverse Prime	Total Spend
Analysis & Testing	\$5,137	\$7,490	\$7,556,051	\$7,490	\$5,137	\$7,568,678		
Automotive		\$3,008,374	\$342,008	\$3,008,374		\$3,350,382		
Building Services	\$1,014,953	\$1,835,002	\$11,938	\$1,835,002	\$1,014,953	\$2,861,893		
Building Supplies		\$13,290		\$13,290		\$13,290		
Computer & Office		\$16,769	\$154,785	\$16,769		\$171,554		
Construction	\$39,914	\$24,789,336	\$48,430,827	\$24,789,336	\$39,914	\$73,260,077		
Consulting		\$1,464,015	\$2,501,270	\$1,464,015		\$3,965,285		
Credit & Collections		\$161,212	\$114,430	\$161,212		\$275,642		
Energy Efficiency								
Engineering/Tech Services	\$20,529	\$2,357,178	\$10,311,984	\$2,357,178	\$20,529	\$12,689,691		
Equipment Rental	\$138,340	\$1,106	\$87,518	\$1,106	\$138,340	\$226,964		
Equipment Repair	\$1,177	\$77,901		\$77,901	\$1,177	\$79,078		
Finance, Accounting, Auditing		\$138,520	\$352,554	\$138,520		\$491,074		
Freight Services								
Gas Distribution		\$395,106	\$45,315	\$395,106		\$440,421		
Gas Storage	\$36,519	\$10,534	\$2,980,617	\$10,534	\$36,519	\$3,027,670		
Human Resources (Staffing)		\$4,426,726	\$5,037,412	\$4,426,726		\$9,464,138		
Information Tech Services		\$37,185	\$1,310,232	\$37,185		\$1,347,417		
Legal		\$329,578	\$195,717	\$329,578		\$525,295		
Marketing & Advertising		\$1,129,710	\$28,022	\$1,129,710		\$1,157,732		
Printing Services		\$99,582		\$99,582		\$99,582		
Restoration		\$3,304,946	\$10,585,379	\$3,304,946		\$13,890,326		
Safety	\$11,670	\$309,706	\$43,709	\$309,706	\$11,670	\$365,085		
Security								
Software Maintenance								
Tools		\$969,496	\$1,118	\$969,496		\$970,613		
Trucking/ Transportation		\$1,883,446	\$2,533,352	\$1,883,446		\$4,416,798		
Vehicle Maintenance		\$75,126		\$75,126		\$75,126		
Waste Disposal			\$1,509,604			\$1,509,604		
Grand Total \$	\$1,268,239	\$46,841,333	\$94,133,841	\$46,841,333	\$1,268,239	\$142,243,413	\$457,676,924	\$599,920,337
Grand Total %	.21%	7.81%	15.69%	7.81%	.21%	23.71%	76.29%	100%

XIII. Appendices

APPENDIX C: DEFINITION OF SUPPLY CHAIN PROCUREMENT CATEGORIES

Category	Description
Analysis & Testing	Services related to the analysis or testing (e.g., water, soil)
Automotive	Any material related to the repair or maintenance of automotive fleet
Building Services	Services related to the repair or maintenance of our buildings or offices
Building Supplies	Any material related to miscellaneous building supplies (e.g., paint, lumber, filters)
Computer & Office	Any material related to computer and office supplies (e.g., computer hardware/software, envelopes, forms, office furniture)
Construction	Services related to underground construction
Consulting	Consulting services related to Information Technology, Financial, Human Resources
Credit & Collections	Services related to credit and collections of customer accounts
Energy Efficiency	Services related to the delivery of energy efficiency (e.g., in-house field services and energy audits)
Engineering/Tech Services	Services for engineering/technical work (e.g., design work, surveying)
Equipment Rental	Rental of equipment
Equipment Repair	Repair of equipment
Finance, Accounting, Auditing	Services related to finance, accounting and auditing
Freight Services	Services related to the transport of material
Gas Distribution	Any material directly related to the repair or maintenance of the gas distribution system
Gas Storage	Any material directly related to the repair or maintenance of the gas storage system
Human Resources	Services related to staffing
Legal	Services related to providing legal counsel

XIII. Appendices

Marketing & Advertising	Services related to marketing and advertising (e.g., media and print ads)
Printing Services	Services related to the printing of company material, (e.g., bill inserts)
Restoration	Services provided related to landscaping or paving
Safety	Any material related to safety protection, (e.g., personal protective equipment, signs, spill containment)
Security	Services related to providing security protection, (e.g., guard services)
Software Maintenance	Services related to providing software maintenance, (i.e., software renewals)
Tools	Miscellaneous tools (e.g., hand/power tools, flashlights, batteries, welding supplies)
Training Services	Services related to providing training seminars
Vehicle Maintenance	Services provided for vehicle maintenance that cannot be done in-house, e.g., body repair, windshield replacement
Waste Disposal	Services related to the disposal of hazardous and non-hazardous material
Other	Miscellaneous materials and services that do not fall into any of the categories above