

Illinois Commerce Commission  
Office of Accountability and Ethics  
2022 Annual Ethics Audit



February 2023

# STATE OF ILLINOIS



## ILLINOIS COMMERCE COMMISSION

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February 14, 2023

The Honorable Governor JB Pritzker

The Honorable Members of the Illinois General Assembly

The Honorable Members of the Illinois Commerce Commission

Please find enclosed the ICC's Office of Accountability and Ethics' Annual Ethics Audit. Publication of this report is mandatory under 220 ILCS 5/4-604. The report indicates substantial training and compliance on the part of public utilities to comply with the newly passed Climate and Equitable Jobs Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip Kosanovich".

Phillip Kosanovich  
Chief Ethics and Compliance Officer

Office of Accountability and Ethics  
160 N. LaSalle St. Suite C-800  
Chicago, IL 60601  
(312) 793-2846

# 2022 Annual Ethics Audit

## I. Introduction

The Climate and Equitable Jobs Act (CEJA), Public Act 102-0662, was passed by the Illinois General Assembly and signed into law by Governor Pritzker on September 15, 2021. CEJA is comprehensive energy legislation that incentivizes renewable energy development, and among other targets, sets to achieve a carbon-free power grid by 2045. In passing CEJA, the General Assembly noted that Public Utilities are regulated monopolies providing essential services to the citizens of Illinois. As such, it is in the best interest of the public to ensure ethical public utility conduct that adheres to the highest standards. To achieve this goal CEJA implemented several new requirements and policies on both the Illinois Commerce Commission (ICC) and the public utilities it regulates. First, the ICC must create the Ethics and Accountability Division and appoint a Public Utility Ethics and Compliance Monitor to ensure that public utilities meet the highest level of ethical standards. Public utilities must select an individual to serve as their Chief Ethics and Compliance Officer (CECO) who will oversee their overall compliance with the newly enacted ethics legislation. Each public utility must file an annual ethics and compliance report to the Commission outlining their financial and accounting procedures, their process for conducting an assessment of ethics and compliance risks, provide a summary of their ethics training programs, a commitment from senior management that they will conduct themselves in an ethical manner and not break federal or state law, a plan to implement mechanisms designed to effectively enforce its internal ethical controls, and provide a summary of the public utility's disciplinary policy to address violations of ethical standards.

## II. Background

The Annual Ethics Audit must contain a summary of each electric and gas public utility's internal controls, policies, practices, and procedures to comply with statutes, rules, court orders, or other applicable authority. Also, it must contain any disciplinary matters or rulings the utility has acted upon throughout the year. The following utilities must file annual ethics reports pursuant to 220 ILCS 5/4-604(f) Commonwealth Edison, Ameren, Nicor, Illinois Gas Company, People's/North Shore Gas, Mt. Carmel, Liberty Utilities, and Mid-American Energy Company. A synopsis of their reports and statutory ethics requirements are identified in this report.



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An Exelon Company

### **III. Commonwealth Edison, an Exelon Company**

Commonwealth Edison (ComEd, Company) filed its Annual Ethics and Compliance Report (Report) on April 28, 2022. The Report was signed and verified by their Chief Compliance and Ethics Officer Kristopher Keys. In the Report ComEd has outlined their current ethics and financial controls and described new plans and procedures that will be implemented in 2022.

#### **A. Material Changes**

ComEd has implemented or is in the process of implementing material changes for calendar year 2022. Among those changes are the following:

- The creation of a separate Supplier Code of Conduct, as previously suppliers were subject to the Exelon Corporation Code of Business Conduct, which was not specifically tailored to suppliers.
- Updates to the following guidelines or policies: Exelon's Code of Business Conduct, guidelines on charitable contributions, political contributions, insider trading policies, and Exelon's policies and procedures regarding trade sanctions compliance.
- Transition of executive oversight of Enterprise Risk Management function to the executive vice president overseeing Compliance, Audit, and Risk functions to facilitate coordination amongst the three groups.
- Enhancement of cybersecurity resources to comply with applicable obligations.

#### **B. Audits**

Exelon Audit Services (EAS) develops an audit engagement plan that incorporates Internal Controls Over Financial Reporting including reviews of the design effectiveness of Key Financial Controls and their operating effectiveness. Exelon Audit Services has taken actions in recent years to strengthen the control environment and reduce the number of control deficiencies. By implementing training to departments that have a history of infractions and by developing systems to train newly hired staff that could easily be subjected to an infraction. Exelon Audit Services develops an annual audit engagement plan which is reviewed and approved by the Audit and Risk Committee of the Exelon Board. This plan includes written audit reports shared with business stakeholders and tracks remediation of control deficiencies, a data analytics team that supports audit engagements, and has an anti-fraud program. Exelon Audit

Services is a member of the Institute of Internal Auditors (IIA) and adheres to the IIA's International Standards for the Practice of Internal Auditing.

### **C. Accounting and Financial Controls**

Current financial controls include an Accounting and Disclosure Governance Committee ("ADGC") whose duties include overseeing the accuracy and timeliness of financial disclosures. This group is made up of ComEd employees from multiple departments including representatives from Controllershship, Finance, Tax, Legal, Treasury, Investor Relations, and the Chief Financial Officer. ADGC ensures accurate and timely filings with the SEC including Exelon's annual Form 10-K. Form 10-K summarizes information about critical accounting policies and estimates.

ComEd has an extensive system of financial and accounting controls designed to ensure fair and accurate books and records, financial statements are prepared consistent with Generally Accepted Accounting Principles (GAAP), and transactions are recorded in a manner that maintains accountability for assets. This system includes Annual Budgets for business groups and distinct projects. These budgets are reviewed and managed by the Finance teams at ComEd and Exelon. These budgets establish spending limits detailed by expense type. Vendors are onboarded through procurement processes overseen by Exelon's Supply Organization. These processes address when competitive bidding is required and the process one must adhere to. ComEd's and Exelon's Finance teams regularly conduct reviews to ensure spending is appropriate and accurately recorded in the company's books.

### **D. Ethics and Compliance Risk Assessment**

ComEd has redesigned their annual compliance risk assessment to better identify emerging compliance risks, produce actionable information about compliance risks and controls for business teams, and drive accountability for improvements. The redesigned compliance risk assessment process is organized around a smaller number of compliance domains encompassing related groups of regulatory and legal compliance risks. Executives met for a series of workshops to bring together senior subject matter experts from across the business to discuss multiple compliance domains. The areas of discussion included Securities regulation, Utilities – state commission obligations for electric utilities, mergers and acquisitions, information governance and protection, environment, health, and safety, human resource management, reliability, resiliency, and security, financial controls, and interactions with public officials.

The workshops considered the effectiveness of existing compliance processes, controls, and policies, fraud risks, and the need for changes in policies and controls. The audit team and Enterprise Risk Management (ERM) both participated in the workshops. The workshops were convened on a quarterly basis throughout 2022 to

review and evaluate regulatory developments, compliance and controls incidents, changes in business operations, the adequacy of existing compliance policies and procedures, implementation of recommended controls improvement, and the effects of the corporate separation. Also, ComEd's compliance and ethics departments plan to perform a deeper evaluation of several topics relating to compliance risks.

ComEd is ensuring ethical compliance by reviewing compliance-related risks, policies, and controls outside the formal compliance risk assessment process. They perform Apparent Cause Evaluations and Root Cause Investigations of significant operational and financial incidents. Also, Senior personnel from their Compliance & Ethics and EAS regularly participate in formal and informal meetings with industry peers and experts to ensure awareness of industry technological and regulatory developments relevant to their programs.

#### **E. ICC Review of ComEd policy**

ComEd has provided multiple documents to the ICC including their anti-bribery and anti-corruption policy, a 2021 Compliance Risk Assessment, Supplier Code of Conduct, charitable donations guidelines, corporate political contributions policy, insider trading policy, Exelon Audit Services' 2019 audit, and training materials for their anti-fraud program. The Office of Accountability and Ethics has reviewed all said documents and confirm they are consistent with ComEd's Annual Ethics and Compliance report. These policies along with persistent training and auditing aim to keep ComEd in compliance with statute 220 ILCS 5/4-604. The Office of Accountability and Ethics has reviewed the Report and referenced policies from ComEd and found them to be compliant with Public Act 102-0662.

#### **F. Employee Discipline**

ComEd has provided a list of 166 open and closed investigations relating to employee misconduct. 13 out of 166 investigations have been determined to be substantiated violations that fall under the ethical standards set forth in 220 ILCS 5/4-604. The substantiated violations involve financial concerns, conflict of interests, misuse of company assets, and misuse of company technology. Punishment for the substantiated offenses included coaching on rules and guidelines, documented/written coaching, suspension, and termination. Based on our review the discipline handed down for the substantiated claims was appropriate.



#### **IV. Ameren Illinois Company**

Ameren Illinois Company (Ameren, Company) filed its Ethics and Compliance Report (Report) on April 28, 2022. The Report is signed and verified by John D. Rhea Ameren's Vice President and Chief Ethics and Compliance Officer (CECO). Ameren touts a proactive approach to ethics compliance and enforcement which is outlined in their report. Ameren insists on intensive ethics training upfront to avoid ethical pitfalls.

##### **A. Material Changes**

Ameren has indicated for calendar year 2022 it has enhanced its Ethics and Compliance Program, in particular, tailoring its lobbying contracts to reflect the requirements of Public Act 102-0662. Specifically, contractors are provided a copy of, will attend training on, and will abide by Ameren's Code of Ethics; the contractor is informed it will not subcontract any portion of the lobbying work; the contractor is required to submit a detailed invoice that includes a description of all lobbying activities, all persons involved, anything of value requested or solicited or provided to public officials or their staff.

##### **B. Audits & Financial Controls**

Ameren annually conducts an evaluation of its financial reporting requirements with the assistance of their principal financial officer and principal executive officer. This audit was completed and approved by Ameren management on December 31, 2021. It was then reviewed by PricewaterhouseCoopers, LLP, an independent auditing firm. Ameren then performs an internal risk assessment of their financial controls. This assessment is consistent with Auditing Standard No. 5 and the Securities and Exchange Commission's (SEC's) guidance. It begins with assessing balance sheet line-items with both qualitative and quantitative measures. Then said line items were organized according to respective control processes governing how transactions were recorded. Finally, said line items are subject to future internal audit. Lastly, Ameren has a strict approval authority policy to define the levels of authorization required for certain financial transactions.

### **C. Assessment of Ethics and Compliance Risks**

Ameren's Chief Ethics and Compliance Officer is tasked with assessing and reporting Ameren's compliance with regulatory and legal requirements as well as the prevention and detection of ethical misconduct. A Compliance Committee has been created to assess and assign regulatory responsibilities, provide a forum for sharing information, and review compliance issues facing the company. The Committee meets regularly to review and implement new rules and legislation. The Compliance Committee's main role is to collaborate with the CECO in providing leadership regarding regulatory and compliance requirements as an integral part of achieving Ameren's priority to monitor and comply with all applicable regulations. Further, they address any potential ethics violations. Ameren has put forth a four-step process to address ethics risks; including, reporting a misconduct allegation, assigning an investigator, completing the investigation, and having the Board issue a final report. The CECO also conducts regular meetings to discuss and review new, on-going, and resolved ethical investigations.

### **D. Ethics and Compliance Training**

Ameren provides extensive training surrounding their Code of Ethics. All Ameren employees receive a copy of the Code and must certify annually that they have received and are in compliance with it. This is an online certification process. Further Ameren holds a "compliance week" each year where internal company communications support the education and awareness of the code of ethics. Lobbyists on behalf of Ameren must complete these trainings as well. Ameren holds an annual training for senior members entitled Fair Employment Policies and Compliance for Ameren Leaders. All employees are required to participate in the "It's a Matter of Respect" training which is held every other year. These trainings among others provide a culture of compliance and self-reporting of potential ethical issues. Ameren values participation from all employees including senior management to prevent, investigate, and punish ethical pitfalls.

### **E. ICC review of Ameren Policy**

In response to Data Requests sent to Ameren, the ICC's Office of Accountability and Ethics has received numerous documents including the following: Ameren's workplace violence policy, Equal Employment Opportunity and Anti-Harassment Policy, Approval Authority Policy, and lobbyist training materials. After review, the Office of Ethics and Accountability have confirmed that Ameren's actions and policies implemented in response to Public Act 102-0662 are compliant with the aforementioned Statute.



## **F. Employee Discipline**

Ameren has provided a confidential list of 42 closed investigations. We have determined that of the 42 investigations 10 were related to potential ethics violations that are related to the newly enacted CEJA legislation. Violations included theft of company property, time clock abuse, falsification of documents, and falsifying expense reports. These violations led to employee discipline including suspensions and termination of employment. 3 of the 10 investigations resulted in no violation. Based on our review Ameren is appropriately investigating and punishing ethical violations by their employees.



## **NICOR GAS**

### **V. Northern Illinois Gas Company**

Northern Illinois Gas Company (Nicor,) filed its Annual Ethics Report (Report) with the ICC on April 27, 2022. The Report was signed and certified by David Slovensky Senior Vice President, General Counsel, and Chief Ethics and Compliance Officer. Nicor's Report summarizes how ethics and compliance are core components of their culture and are weaved throughout their internal controls, practices, and procedures. Nicor indicates for calendar year 2022, material changes will be implemented to the Company's internal controls, code of ethical conduct, practices, and procedures.

#### **A. Material Changes**

Nicor has focused on implementing an expansion of training on the Company's Code of Ethical Conduct to contractors, consultants, lobbyists and political consultants pursuant to 220 ILCS 5/4-604(d)(2)(B). They have instituted a prohibition of contractors, consultants, or vendors engaged for the purpose of carrying out lobbying pursuant to the Lobbyist Registration Act to subcontract any portion of that work. Requiring detailed invoices and reports describing activities taken and amounts billed for activities of contractors, consultants, and vendors who are contacted for the purpose of carrying out lobbying. Additionally, Nicor plans to transition to a new Enterprise Resource Planning system modifying their financial and accounting procedures.

## **B. Financial and Accounting Controls**

Nicor's Code of Ethics requires accurate and complete accounting for transactions in accordance with Generally Accepted Accounting Principles (GAAP). Internal controls are audited annually by an external audit firm, and the audit firm's assessment of the effectiveness of controls is included in their annual report. Nicor maintains a system of account numbers used to record financial transactions that differs from the Uniform System of Account (USOA) but is later reconciled with the USOA. In 2023, the Company is expected to transition to an Enterprise Resource Planning System.

## **C. Assessment of Ethics and Compliance Risks**

Southern Company Gas undergoes an annual Enterprise Risk Assessment of all major business units that include its affiliate Nicor Gas. Senior management specifically reviews the risk from an Ethics and Compliance perspective. Legal counsel and compliance team members meet and discuss rules and regulations to ensure legal compliance. The Ethics and Compliance department discloses on a quarterly basis any violations of regulations and/or laws from key areas of the business. After these violations are reported a review and discussion of current practices and protocols are conducted to ensure future compliance. These assessments are shared with senior management and the Board of Directors.

Additionally, the Southern Company Gas Ethics and Compliance Committee meets monthly to oversee the Ethics and Compliance program. This Committee collaborates with the business units and functional areas of the company to periodically assess compliance risks and how to adjust ethics and compliance policies based upon these risk assessments.

Lastly, compliance directors from each Southern Company affiliate meet monthly to discuss ethics and compliance matters relevant to the Company. The compliance directors in turn then discuss these developments with their corresponding compliance officers. This top-down approach structure fosters an environment whereby the compliance officers can act with sufficient autonomy and independence and at the same time promote ethics and compliance.

## **D. Ethics and Compliance Training**

All employees are annually required to review "Our Values and Code of Ethics" via an online interactive learning module which requires active question and answer participation. Further, all employees are required to answer an annual questionnaire that reports on ethics and compliance issues. The questionnaires are reviewed by the

appropriate management committee or board. Nicor values a “speak up culture” offering multiple mechanisms by which to report a concern. Southern Company hosts an annual formal company-wide Ethics and Compliance Week to remind employees of their ethics and compliance obligations and promote engagement related to ethics and compliance issues.

#### **E. ICC review of Nicor Policy**

Nicor has provided their Procedures for Discovery of Misconduct within their annual report. We have reviewed the overall policy and find it acceptable. Based on the provided materials, Nicor appears to be following their written policies and procedures. The Office of Accountability and Ethics review of Nicor’s related policies and procedures indicates they are in compliance with the requirements of Public Act 102-0662.

#### **F. Employee Discipline**

Nicor reports to date in 2022 there have been 83 Code of Ethics investigations that have occurred. They have provided a confidential list of these investigations. Of the 83 reported 26 were related to the newly enacted ethics legislation. These violations consisted of conflicts of interest, falsification of documents, fraud, and misuse of company assets/property. 11 of the 26 were determined to be substantiated. Discipline was handed out ranging from termination, entering into a last chance agreement, coaching, and written warnings. Based on the Office of Accountability and Ethics review Nicor is adequately investigating and punishing ethical violations by their employees.

## **PEOPLES GAS NORTH SHORE GAS**

*We Keep Life Moving®*

#### **VI. Peoples Gas and North Shore Gas**

Peoples Gas and North Shore Gas (Peoples, North Shore, Company) filed their Annual Ethics Report (Report) on May 4, 2022. The Report was signed and verified by Koby Bailey Vice President and Chief Ethics and Compliance Officer for Peoples and North Shore Gas. Peoples/North Shore has implemented an Ethics and Compliance Program (“program”) and its accompanying supporting policies and procedures to promote an organizational culture that encourages ethical

conduct and a commitment to compliance with the law. Primary oversight of the program is provided by the Audit and Oversight Committee (AOC).

#### **A. Material Changes**

The Company has implemented material changes to their program for calendar year 2022. A standalone report is now filed by the Chief Ethics and Compliance Officer in addition to the standard reports previously filed by the compliance officer. The Company's Supplier Code of Conduct has been updated to explicitly state its applicability to third parties working at or on behalf of the company. An expansion of training has occurred to include the board of directors. The Company has additionally implemented Chief Ethics and Compliance Officer controls to review the company's lobbyist invoices prior to payment.

#### **B. Audits and Financial Controls**

Peoples/North Shore performs an annual internal audit which includes independent testing of key internal controls designed by management. On a monthly basis all items entered into the company's general ledger are reviewed and reconciled for accuracy and reasonableness. The results of these monthly financial reviews are discussed and analyzed by the appropriate department. Also, executive leadership review public disclosures of financial statements and accompanying information for completeness and accuracy. The Company is additionally subject to the audit of its external auditor, Deloitte & Touche, LLP (Deloitte), to ensure the financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP). Deloitte also reports to the Company regarding any internal control deficiencies.

#### **C. Assessment of Ethics and Compliance Risks**

The internal audit annually leads an enterprise risk assessment that identifies and reviews existing, new or emerging issues that could have implications, including those related to ethics and compliance. The potential threats are mapped out based on severity and addressed accordingly. Also, internal audit leads an annual fraud risk assessment to confirm appropriate controls and assess risk mitigation strategies. External auditors (Deloitte) annually review the established programs and controls to mitigate the fraud risks that management has identified during the internal audit. Deloitte confers directly with the AOC during this annual review. The Company's senior leaders and board of directors provide strong explicit and visible support for the program.

#### **D. Ethics and Compliance Training**

All employees at Peoples Gas/North Shore Gas periodically undergo conflicts of interest training and are required to disclose potential conflicts of interest. An annual

internal audit is conducted of the Ethics and Compliance department's processes related to compliance related training and conflicts of interest identification. New employee training consists of an orientation, training on the code of business conduct as well as other policy-related courses. Annual Corporate Policies Certification is assigned to all employees including members of the Peoples Gas and North Shore boards of directors. Additional trainings are mandated for specially identified employees, supervisors, and third parties.

**E. ICC review of Peoples/North Shore Gas Policy**

In response to Data Requests by the ICC's Office of Accountability and Ethics, Peoples/North Shore have provided their Enforcement of internal controls, code, and related procedures within their annual report. Peoples/North Shore Gas promotes a when in doubt seek advice strategy that includes access to a toll-free EthicsLine hotline. The Company also has a Non-Retaliation Policy to promote and encourage individuals to raise concerns regarding ethical misconduct or illegal actions. The Ethics and Compliance department has authority to investigate alleged wrongdoing and procedures are put in place to make sure the correct personnel are investigating said complaints. Also, the Ethics and Compliance department ensures consistent and appropriate investigative and disciplinary measures regardless of an individual's position and/or importance to the organization. The Office of Accountability and Ethics has reviewed the Report and referenced policies from Peoples and found them to be compliant with Public Act 102-0662.

**F. Employee Discipline**

Peoples/North Shore has reported 214 internal investigations through the third quarter of 2022. Of the 214 we have determined that 24 of them were potential ethics violations. These potential violations included lying during an investigation, improper use of company electronic equipment, manipulating time records, inappropriate videotaping, and an attempted breach of customer data. The violations that were substantiated resulted in corrective guidance, removal of contractors, time off work, verbal warnings, written warnings, and discharge.



**VII. Illinois Gas Company**

Illinois Gas Company filed their Annual Ethics and Compliance Report (Report) on May 2, 2022, with the ICC. It was signed and certified by Ricky Zehner their Chief Officer of Ethics and Compliance. The Report reflects compliance with Public Act 102-0662.

**A. Audits and Financial Controls**

IGC Holdings, Inc. is the parent company of Illinois Gas Company and Utility Safety and Design, Inc. Their consolidated financials are reviewed by Kemper CPA group annually. Kemper's review is less than an audit and merely states an opinion whether the financial statements are in accordance with accounting principles generally accepted in the United States. To this point Kemper has not recommended any material modifications of said financial statements.

**B. Assessment of Ethics and Compliance Risks**

IGC Holdings, Inc. under the direction of the Board of Directors has formed various committees including the executive committee, the compensation committee, audit and finance committee, and the communications committee to monitor the activities of the company and report back to the board of directors.

**C. Ethics and Compliance Training**

Illinois Gas Company prohibits political affiliations and donations as a company policy. An annual training program is in development to be instituted with the next annual employee training seminar held in January of each year. A Code of Ethics has been developed and reviewed by its Board of Directors. Violation of the Code of Ethics will result in discipline including discharge from employment.

**D. ICC review of Illinois Gas Company policy**

In response to Data Requests sent to IL Gas Company, the ICC's Office of Ethics and Accountability has received the following: IGC's Code of Business Ethics, Financial statements, and audits. After review, the Office of Ethics and Accountability have

confirmed that IL Gas' actions and policies implemented in response to Public Act 102-0662 are compliant with the aforementioned Statute.

#### **E. Employee Discipline**

IL Gas Company reports no ethical investigations or violations have occurred in calendar year 2022.



**MT. CARMEL PUBLIC UTILITY Co.®**

#### **VIII. Mt. Carmel Public Utility Co.**

Mt. Carmel Public Utility Co. (MCPUC, Company) filed its annual Ethics and Compliance report with the ICC on May 4, 2022. It was signed and verified by Eric Bramlet General Counsel and Chief Ethics and Compliance Officer. Mt. Carmel has provided a succinct and statutory driven report outlining their compliance with Public Act 102-0662.

##### **A. Audits and Financial Controls**

Mt. Carmel follows Generally Accepted Accounting Principles (GAAP) and the Federal Energy Regulatory Commission (FERC) System of Accounting for its financial and accounting procedures and internal controls. The Staff Accountant and Chief Financial Officer (CFO) assist in the oversight of these procedures and serves as an assurance of proper recording of financial statements. The CFO and Staff Accountant also oversee the cashiers, all financial transactions, invoicing, collections, and other cash related matters to ensure Company and customer assets are properly tracked via the Company's system. The Company also has a documented disposal process for when Company assets are retired or no longer necessary.

##### **B. Assessment of Ethics and Compliance Risks**

The Company conducts an internal assessment spearheaded by its newly appointed Chief Ethics and Compliance Officer. A conflict-of-interest check is performed on senior management, as well as an ongoing review of regulations and statutory laws occurs to minimize incidents of non-compliance with government agencies. If an incident of non-compliance is deemed to have occurred, MCPUC personnel are directed to make the Chief Ethics and Compliance aware so MCPUC can correct or address the

item, and self-report if necessary. Moreover, MCPU does not have any paid lobbyists, either in-house or outside.

**C. Ethics and Compliance Training**

Mt. Carmel's Chief Financial Officer and Staff Accountant participate in regular continuing education. This leads to a top-down communication of the controls and conduct by the CFO and Staff Accountant to MCPU employees. Purchasing of materials is overseen by at least 2 or 3 employees and high-priced items are purchased based on Request for Proposals (RFP's) only. The company has implemented a formal written Code of Conduct that will be used for more enhanced training.

**D. ICC Review of MCPU's Policy**

Mt. Carmel has provided the ICC's Office of Accountability and Ethics with their current code of conduct policy. The code of conduct policy instructs employees on where and how to seek guidance on potential violations of company policy. It explains management's commitment and responsibilities to the company and employees as well as explains guidelines for corporate governance and internal controls. The code of conduct prioritizes protecting confidential information and recognizing potential conflicts of interest when they arise. Also, Mt. Carmel has provided us with a copy of the Company's Disposal of Company Assets Policy. The Office of Accountability and Ethics has reviewed the Report and referenced policies from Mt. Carmel and found them to be compliant with Public Act 102-0662.

**E. Employee Discipline**

Mt. Carmel reports no ethical investigations or violations have occurred in calendar year 2022.





## **IX. Liberty Utilities Corp.**

Liberty Utilities Corp. (Liberty, Company) filed its Annual Ethics and Compliance Report (Report) on May 04, 2022, with the ICC. The Report was signed and verified by Mary Ellen Paravalos Liberty's Chief Compliance and Risk Officer. Liberty indicates it is committed to maintaining a strong culture of compliance and has dedicated staff at hand to implement their rules and guidelines. Liberty, via its parent company Algonquin Power & Utilities Corp. (Algonquin) has a Compliance department led by the Chief Compliance and Risk Officer (CCRO) who is also Algonquin's Ethics Officer. Together, these units serve as the Company's Chief Ethics and Compliance Officer (CECO), which is charged with improving the ethics and compliance program in accordance with Section 4-604 of the Public Utilities Act.

### **A. Audits and Financial Controls**

Liberty's Accounting and Finance teams have established and maintained internal controls over financial reporting. These teams are overseen by the CECO through the Algonquin Code of Business Conduct and Ethics, which controls Liberty and all Algonquin subsidiaries. The financial controls are designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes. Further controls are designed and executed to prevent or detect material misstatements due to error or fraud. At the end of each fiscal year, the accounting and financial controls are reviewed with potential areas for improvement identified and recommended.

### **B. Ethics and Compliance Risk Assessments**

Liberty has an established enterprise risk management ("ERM") program that is overseen by the Chief Ethics and Compliance Officer. The ERM addresses compliance risks by performing ongoing risk assessments and maintains a risk register identifying compliance and ethics risks and mitigation measures. This is a collaborative effort among company directors, officers, and the ERM team.

### **C. Ethics and Compliance Training**

The Company is governed by the following Algonquin policies and codes of conduct:

- Code of Business Conduct and Ethics

- Lobbyist Code of Conduct; and
- The Supplier Code of Conduct
- The Algonquin Delegation of Authority Policy

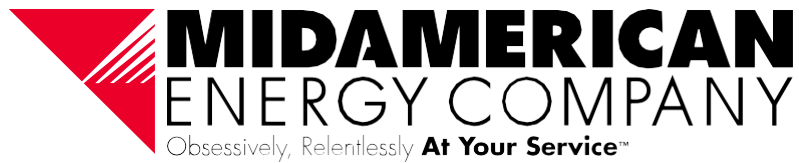
Liberty ensures that all applicable codes of conduct are distributed company wide. An electronic learning system managed by the Company's Human Resources Department (HR) ensures all Company Employees receive mandatory onboarding and annual training on the Code of Business Conduct and Ethics. The Algonquin Delegation of Authority Policy delineates financial authority limits and approval processes for transactions and is a part of its new employee onboarding process. All Lobbyists as well as any agent hired to perform lobbying activity on behalf of the Company are required to read, understand, and acknowledge the Lobbyist Code of Conduct before they are retained or engaged. Annual Lobbyist training is administered by the Company's Government Affairs team. The Company provides its vendors the Supplier Code of Conduct and requires its vendors to acknowledge it during the Vendor onboarding process.

#### **D. ICC Review of Liberty's Policy**

Liberty outlines its Ethics Reporting Policy in its annual report. This policy requires prompt investigation of reported concerns or misconduct and prohibits any retaliation against employees who report violations in good faith. Also, the policy offers incentives for supporting compliant and ethical behavior including through a strong leadership tone set at the top. Violators of the policy may be disciplined pursuant to the Company's Progressive Discipline Policy which provides general guidelines for correcting unacceptable job performance and inappropriate workplace behaviors. Liberty has provided policies for our review including their Policy on Supplier Code of Conduct, Policy on Lobbyist Code of Conduct, Workplace civility policy, Code of Business Conduct and Ethics, and Delegation of Authority Policy. The Office of Accountability and Ethics has reviewed the Report and referenced policies from Liberty and found them to be compliant with Public Act 102-0662.

#### **E. Employee Discipline**

Liberty has reported no ethical investigations or violations for calendar years 2021 and 2022.



**X. Mid-American Energy**

Mid-American Energy did not file their annual report in May of 2022 per statute. The ICC Office of Accountability and Ethics contacted Mid-American. Mid-American advised they would be diligently working on their report and getting it on file. As of the date of this report Mid-American has not filed their annual ethics report. We are in the process of compiling a staff report and opening an investigation into Mid-American's lack of compliance with CEJA. We will be exploring all potential sanctions arising from their failure to file their annual report.