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Maryland Public Service Commission Convenes Annual Supplier Diversity Hearing

\$300 Million in Utility Contracts; Agency Marks 20-Year Milestone

(BALTIMORE)—The Maryland Public Service Commission held its annual hearing on July 9, 2013, for utility companies to report on their supplier diversity contracts. For 2012, the companies reported diverse supplier procurements totaling more than \$340 million. Many of the 16 companies that filed reports met or exceeded their individual targets, indicating measurable positive impacts for the program overall.

The PSC's Public Comment 16 on Supplier Diversity (PC 16) is aimed at providing women-, minority- and service disabled veteran-owned businesses and not-for-profit organizations greater opportunities to participate in and compete for contracts and subcontracts with public utilities. The participating companies have signed Memoranda of Understanding with the Commission that outline a goal to award 25 percent of their total dollars spent on contracts, subcontracts and purchase orders (governed by the MOU) to diverse suppliers.

Overall, procurement spending by the participating companies in calendar year 2012 totaled more than \$2.5 billion. Of this amount, \$344 million, or 13.6 percent, represent contracts to diverse suppliers. Although this year's figure shows a modest decrease compared to the 2011 total of \$387 million, it exceeded the aggregate target of \$311 million.

Commission staff initially reviewed data submitted by 11 gas and electric companies, two transportation companies and two telecommunications companies to develop a report analyzing individual and collective efforts of the companies. During the hearing, additional data and updates were presented. Subsequent tabulations, which included numbers for a company that filed after the Commission's March deadline, revealed that the companies collectively exceeded the targeted procurements.

In their opening remarks, the Commissioners struck a positive tone and were appreciative of the companies' participation in the voluntary program. However, as PSC Chairman Kevin Hughes stated during the hearing, "The Commission is interested in learning how the companies plan to attract and engage diverse suppliers on an ongoing basis."

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Commissioner Harold Williams, who heads the Commission's internal PC 16 group, recognized the strides made, yet pressed the companies to provide more information concerning their numbers during the legislative-style proceeding.

"It is commendable that many companies are able to exceed their goals, which shows their commitment and interest in embracing the spirit of the MOU. However, I would like to see the larger companies, in particular, work more diligently to meet their targets," he says.

The year 2013 marks 20 years since the PSC developed the first supplier diversity MOU with utilities. In his opening remarks, Chairman Hughes commended the early efforts of the late Delegate Howard 'Pete' Rawlings and Congressman Elijah Cummings (then delegate), who co-sponsored legislation in 1992 that ultimately prompted the PSC to create its supplier diversity program.

Congressman Cummings provided videotaped remarks aired at the beginning of the hearing. In his comments, Cummings congratulated the PSC "...for keeping this program alive and thriving for 20 years," urged more utilities to sign the MOU and encouraged those who have signed to continue to partner with diverse suppliers.

To further mark the 20-year milestone, Governor Martin O'Malley issued a proclamation to commend the Commission for its 20-year commitment to "...encouraging opportunities for diverse suppliers in the utility industry, expanding our workforce, and stimulating the economy." The proclamation was presented by Maryland Energy Administration Director of Legislation and Policy Devon Dodson.

In addition to utility representatives, remarks were offered by Delegate Aisha Braveboy, as well as representatives from the Governor's Office of Minority Affairs, the Mayor's Office of Minority and Women-Owned Business Development (on behalf of Mayor Stephanie Rawlings-Blake), the Maryland/DC Minority Supplier Diversity Council and the Maryland/Washington Minority Companies Association. Remarks focused on the effectiveness of the MOU and suggestions for moving forward.

A list of utility MOUs and other related documents, including the video remarks from Congressman Cummings, can be located on the Commission's website, www.psc.state.md.us, under the Supplier Diversity link on the homepage.

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