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July 9, 2014
FOR IMMEDIATE RELEASE

Maryland Public Service Commission's Supplier Diversity Hearing Reports Overall Increases in Utility Procurements *More than \$500 Million in Contracts with Diverse Suppliers*

(BALTIMORE)—The Maryland Public Service Commission convened its annual hearing for utility companies to report on their contracts with diverse suppliers. The July 8 proceeding reviewed participating companies' diverse supplier procurements, which totaled more than \$522 million—a 67 percent increase over the previous year. This year's proceeding demonstrated the continued overall effectiveness of the program, with several companies reporting that spending goals were met or exceeded, whereas others committed to undertake measures that would accelerate progress in achieving supplier diversity goals.

The Commission's Public Conference 16 on Supplier Diversity (PC 16) is aimed at providing women-, minority- and service-disabled veteran-owned businesses 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. Nine of the 14 companies that reported data for 2013 provided 2013 targets; seven of which met or exceeded their targets. The targets set in 2013 by the companies range from 3 percent to 28 percent of the company's total procurement spending.

Analysis by the Commission's technical staff noted that total diverse supplier procurement increased to \$522 million in calendar year 2013, representing 16 percent of total supplier expenditures by participating utilities. This represents an increase of 67 percent, from \$313 million in 2012. Overall utility supplier procurement was \$3.24 billion, up from \$2.53 billion in 2012. Among these diverse suppliers, minority business enterprises (MBEs) showed the largest representation, with 54 percent of diverse utility contracts (an increase from 49 percent in 2012), followed by women business enterprises, with 36 percent (a decrease from 2012's 40 percent). Procurements for

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subcontractors declined, with only 16 percent of diversity procurements (22 percent in 2012).

Utility companies represented at the hearing include electricity and gas, transportation and telecommunications. Despite some overall positive strides reported, the Commission expects the companies to strive toward meeting the 25 percent goal in the MOU and engaging more of the underrepresented diverse suppliers in their business operations. Utilities are encouraged to explore additional education, training and outreach initiatives to increase utilization of diverse suppliers as they undertake reliability and infrastructure improvement projects statewide.

A major theme of the hearing focused on the need for utilities to increase participation among service-disabled veterans. Commissioners and others also acknowledged the role of the Maryland Utility Forum in developing opportunities, engaging businesses and sharing best practices among diverse suppliers. Commission Chairman W. Kevin Hughes noted during the hearing that the forum “creates an important avenue of communication and opportunity between suppliers and utility companies.”

Along with the analysis of the utility companies’ reports, the hearing included a panel discussion highlighting the experiences of diverse suppliers under the MOU, with most reporting professional growth and increased opportunities afforded by the memoranda. The Governor’s Office of Minority Affairs was represented by Carmina Perez-Fowler, assistant secretary for MBE compliance and procurement. A special presentation was made to honor the outgoing chair of the Maryland Utility Forum, Rhonda Mencarini for her founding leadership over many years.

More information on PC 16 and supplier diversity is available on the Commission’s website, www.psc.state.md.us under the Supplier Diversity link on the homepage.

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