



LEGAL SERVICES

800 Cabin Hill Drive  
Greensburg, PA 15601-1689  
PH: (724) 838-6751  
FAX: (724) 830-7737  
jpetris@alleghenyenergy.com

**MAIL-LOG NUMBER:** \_\_\_\_\_

February 16, 2010

Terry J. Romine  
Executive Secretary  
Public Service Commission of Maryland  
William Donald Schaefer Tower  
6 St. Paul Street, 16<sup>th</sup> Floor  
Baltimore, MD 21202

Re: The Potomac Edison Company, d/b/a Allegheny Power 2011 Annual Plan as required by the Memorandum of Understanding dated February 6, 2009 (PC16)

Dear Ms. Romine:

In accordance with Section 7 of the Memorandum of Understanding dated February 6, 2009 between the Commission and Allegheny Power, enclosed please find the original and seventeen (17) copies of The Potomac Edison Company's 2011 Supplier Diversity Annual Plan.

Please contact the undersigned should you have any questions or concerns regarding this matter.

Very truly yours,

*/es/ Jennifer L. Petrisek*

Jennifer L. Petrisek  
Senior Attorney

Enclosure

**The Potomac Edison Company, d/b/a Allegheny Power  
Annual Plan for Calendar Year 2011**

**Minority, Women and Service Disabled Veteran-Owned  
Business Enterprises  
January 1, 2011 – December 31, 2011**

The following is hereby submitted as an “Annual Plan” pursuant to the State of Maryland Public Service Commission Memorandum of Understanding (MOU), signed on February 6, 2009. This plan is submitted for the consideration of the Maryland Public Service Commission by Allegheny Energy Service Corporation (“Allegheny Energy”) on behalf of The Potomac Edison Company d/b/a Allegheny Power (“Potomac Edison” or “Company”).

This plan will be in effect for the period of January 1, 2011 through December 31, 2011 and covers the Maryland business segment of Potomac Edison.

1. Potomac Edison is on track to achieve its mid term goal of 15% in 2011 and ultimately achieve its five year goal of 25% in 2013. The short, mid and long term goals established in the 2009 Annual Plan and summarized below are included as attachment E-1, E-2 and E-3 Short, Mid and Long Term Goals. Long term contracts have not been excluded and are therefore reported in the total spend (MOU §7.1.1).

<b>Business Enterprise</b>	<b>2011 Mid (3 yr)</b>	<b>2013 Long (5 yr)</b>
Minority	11.00%	15.50%
Women	4.00%	6.50%
Service Disabled	0.08%	3.00%
<b>Total</b>	<b>15.00%</b>	<b>25.00%</b>

2. Activities planned for the 2011 calendar year include (MOU §7.1.2):
  - a. Using bid data to identify Diverse Suppliers that did not respond to a bid offering, locate barriers within the bidding process. Contact, through survey methods, the diverse supplier that did not respond and determine why they did not respond and in what areas they may require further information, certification, etc. If a diverse supplier did respond, but did not win the bid, determine why they did not win the bid and work with them to remove any barriers that might exist.

- b. Join and participate in the MD/DC Minority Supplier Development Council and/or Maryland Washington Minority Contractors' Association.
- c. Participate in forums and meetings designed to highlight SDVOB businesses.
- d. Investigate not-for-profit business organizations and encourage registration with Allegheny Energy as a supplier.
- e. Attend monthly/bi-monthly Maryland Utility Forum meetings and actively participate in achieving the following 2011 Maryland Utility Forum goals.
  - Continue to enhance the Maryland Utility Forum Website relocating the Website from Google to a Shared platform.
  - Establish formal utility forum procedures, finalizing the rules, roles and operating procedures.
  - Review assessment results of the MOU's Schedule 2 Third Party Certifying Agencies prepared by the consultant retained by PHI. Provide recommendation to MD PSC.
  - Establish common methodology to assess accuracy of Tier 2 spend.
  - Continue to provide updated information to the Forum's master list of third party certified companies.
  - Develop plan to assess opportunities for Diverse Supplier investment firms.
- f. Participate in Edison Electric Institute's Supplier Diversity Committee, attended the EEI/GSA/SBA workshop in January 2011 and will attend the Supplier Diversity Conference (Trade Fair) in May 2011.
- g. Participate in Western Pennsylvania's Minority Supplier Development Council (an affiliate of the National Minority Supplier Development Council), attending quarterly meetings, educational sessions and the Annual Business Opportunity Fair. Use knowledge learned in PA to assist and grow the MD program.
- h. Continue to provide internal training to heighten awareness of Allegheny Energy's Corporate Supplier Diversity Program, the Maryland MOU, the Annual Plan and its Goals, specifically discussing the importance in maintaining a subcontracting program to increase the utilization of Diverse Suppliers as subcontractors.
- i. Request pre-2009 registered vendors who receive opportunity to bid to update vendor information certifying in writing and under penalties of perjury that it meets the definition of a Diverse Supplier.

- j. Encourage Diverse Suppliers to obtain and provide Certification from one of the Third Party Certifying Agents specified in Section 2.1 of the MOU.
  - k. Provide monthly updates to Supply Chain Management identifying bid opportunity and subcontracting goals and monthly results.
  - l. Meet quarterly with Supply Chain Management and Legal to review progress in achieving the 15% mid term 2011 goal.
  - m. Complete reporting outlined in Section 6 of the MOU including continued review and verification of the internal material/commodity groups describing the materials and services utilized corporate-wide and identify a NAICS Code that correlates to each of the defined groups. Map the internal material groups to a NAICS code to complete the Annual Report - Results by Product, attachment A-2 as required by the MOU.
  - n. Identify vendors that received \$25,000 or greater in gross revenues during the 2010 calendar year that have not obtained Certification from a Third Party Certifying Agent and aggressively encourage the vendors to obtain certification through one of the Third Party Certifying Agents specified in Section 2.1 of the MOU.
3. Plans for recruiting Diverse Suppliers of products or services where utilization has been low, underutilized or currently unavailable (MOU §7.1.3, 7.1.4):
- a. Established internal 2011 Supply Chain Department goal of 73% average participation from minority and women-owned business enterprises on all purchase order inquiries - bid opportunities.
  - b. Work with the Company Treasury and Finance Groups to increase opportunities and spend with Diverse Suppliers that provide services associated with the financing needs of the Company.
  - c. Continue efforts to engage with service disabled veteran owned businesses byreaching out to Forum members, Department of Veteran Affairs and attending SDVOB conferences such as the 8<sup>th</sup> Annual Elite SDVOB Network National Convention of Service Disabled Veteran Owned Business.
  - d. Evaluate additional opportunities to increase Diverse Supplier spend for transformer purchases and vegetation control services.

e. In addition to contacts made through various supplier diversity organizations, other utilities, trade shows and conferences, Allegheny Energy accesses a variety of resources to identify minority, women and service disabled veteran-owned business enterprises. The following is a partial listing of the referenced sources:

- CCR Central Contractor Registration
- Dynamic Small Business Search
- EEI Edison Electric Institute
- Maryland DOT Directory
- Maryland Utility Forum on Supplier Diversity
- MBE Minority Business Entrepreneur
- NMSDC National Minority Supplier Development Council
- SDVOSB Service Disabled Veteran Owned Business Network
- WPMSDC Western Pennsylvania Minority Supplier Development Council
- Internal SAP Vendor Master Database

4. Plans for encouraging Prime Contractors to engage Diverse Suppliers in subcontracts that include subcontracting opportunities (MOU §7.1.5):

- a. Continue internal Supply Chain Department goal requiring Buyers to receive vendor's Subcontracting Plan or documentation identifying why a Subcontracting Plan is not required for contracts in excess of \$550,000.
- b. In follow-up to the Subcontracting Plans received, obtain Tier 2 reports quarterly from Prime Contractors.
- c. To confirm that all Prime Contractor have paid Tier 2 contractors, where not already existing, implement a new process requesting Prime Contractors to provide written confirmation.
- d. Allegheny assures that the clause entitled "Utilization of Small Business Concerns" is included in all subcontracts that offer further subcontracting opportunities, and all subcontractors (except small business concerns) who receive subcontracts in excess of \$550,000 (\$1,000,000 for construction of any public facility) will be required to adopt a plan similar to this plan.
- e. Allegheny will maintain separate records on contracts in excess of \$550,000 to demonstrate procedures that have been adopted to comply with the requirements of the subcontracting plan.

5. Plans for complying with the established Diverse Supplier program guidelines (MOU §7.1.6):
  - a. Continue to improve the vendor management process to ensure diversity status identification, third party certification and vendor re-certification. Identify contractors that receive \$25K or more in annual gross revenues confirming receipt of third party certification.
  - b. Meet with other utilities and industry contacts in an effort to increase supplier diversity awareness and further develop the Supplier Diversity Program.
  - c. Focus and refine efforts to identify and attend trade fairs, seminars, meetings, and conferences pertaining to minority, women and service disabled veteran-owned business enterprises.
  - d. Submit by March 31, 2011 the Annual Report for activities engaged in during 2010, as outlined in Section 6 of the MOU.

Public Service Commission of Maryland  
 Supplier Diversity Annual Report of  
 Short-Term Goals  
 (MOU Sec. 7.1)

ATTACHMENT E-1											
UTILITY NAME:				The Potomac Edison Company							
FOR THE REPORTING YEAR:				2009							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)			
YEAR	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT FOR PROFIT WORKSHOP	(\$) TOTAL Million	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$) Million	PERCENTAGE (%) OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT			
2009	5.50%	2.50%	0.02%	0	\$5 0	8.02%	\$64 0.00%	8.02%	0.00%		

Public Service Commission of Maryland  
 Supplier Diversity Annual Report of  
 Mid-Term Goals  
 (MOU Sec. 7.1)

ATTACHMENT E-2									
UTILITY NAME:		FOR THE REPORTING YEAR:		The Potomac Edison Company					
		2011							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
YEAR	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT FOR PROFIT WORKSHOP	(\$) TOTAL Million	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$) Million	PERCENTAGE (%) OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT	
2011	11.00%	4.00%	0.08%	0	\$11	15.08%	\$75	15.08%	0.00%



Public Service Commission of Maryland  
 Supplier Diversity Annual Report of  
 Long Term Goals  
 (MOU Sec. 7.1)

ATTACHMENT E-3									
UTILITY NAME:									
FOR THE REPORTING YEAR:									
The Potomac Edison Company									
2013									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
YEAR	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT FOR PROFIT WORKSHOP	(\$) TOTAL Million	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$) Million	PERCENTAGE (%) OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT	
2013	15.50%	6.50%	3.00%	0	\$19	25.00%	\$74	25.00%	0.00%