



LEGAL SERVICES

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March , 2010

MAIL-LOG NUMBER: _____

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

Re: Maryland Supplier Diversity – 2010 Annual Plan
Memorandum of Understanding (the “MOU”)
Dated February 6, 2009 Between
The Potomac Edison Company, d/b/a Allegheny Power and the Commission

Dear Ms. Romine:

In accordance with the above-referenced Agreement, enclosed please find the original and seventeen (17) copies of The Potomac Edison Company’s Supplier Diversity Annual Plan for 2010.

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

Very truly yours,

Jennifer L. Petrisek
Senior Attorney

Enclosure

Annual Plan for Calendar Year 2010
 Minority, Women and Service Disabled Veteran-Owned
 Business Enterprises
 January 1, 2010 – December 31, 2010

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”) 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, 2010 through December 31, 2010 and covers the Maryland business segment of Potomac Edison.

1. Potomac Edison will work towards continually increasing its total percent spend with minority, women and service disabled veterans to ultimately accomplish the 25% goal. 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).

Business Enterprise	2009 Short (1 yr)	2011 Mid (3 yr)	2013 Long (5 yr)
Minority	5.50%	11.00%	15.50%
Women	2.50%	4.00%	6.50%
Service Disabled	0.02%	0.08%	3.00%

2. Activities planned for the 2010 calendar year include (MOU §7.1.2):
 - a. Attend monthly/bi-monthly Maryland Utility Forum meetings and actively participate in achieving the following 2010 Maryland Utility Forum goals.
 - Expand outreach to include a Maryland Utility Forum educational session that will focus on prequalification criteria, bid process and licensing/professional certification requirements.
 - Share supplier lists developing common list identifying source of third party certification and effective date.

- Collaborate on common pre-qualification and basic requirements used among the Maryland utilities.
 - Continue to enhance the Maryland Utility Forum Website to include information regarding procurement process, practices and pre-qualification requirements.
 - Work with the MD PSC staff to develop a fact sheet outlining the goals and objectives of the MD PSC MOU for distribution to the supplier community.
- b. Participate in Edison Electric Institute’s Supplier Diversity Committee, attended the EEI/GSA/SBA workshop in January 2010 and will attend the Supplier Diversity Conference (Trade Fair) in May 2010.
 - c. 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.
 - d. Provide monthly updates to Supply Chain Management identifying bid opportunity and subcontracting goals and monthly results.
 - e. Develop process for obtaining and reporting subcontracting (2nd tier) spend.
 - f. Provide internal training to heighten awareness of Allegheny Energy’s Corporate Supplier Diversity Program, the Maryland MOU, the Annual Plan and its Short, Mid and Long term goals, specifically discussing the importance in maintaining a subcontracting program to increase the utilization of diverse suppliers as subcontractors.
 - g. Complete development of the reporting outlined in Section 6 of the MOU.
 - h. Complete review 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.
 - i. Request pre-2008 registered vendors who receive Request for Quotation to update their vendor information by accessing the Vendor Registration update information now available on Allegheny Energy’s external web site.

- j. Identify vendors that received \$25,000 or greater in gross revenues during the 2009 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 Supply Chain Department goal of 65% average participation from minority and women-owned business enterprises on all purchase order inquiries - bid opportunities.
 - b. In addition to contacts made through various supplier diversity organizations, trade shows and conferences, Allegheny 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 Utility Forum on Supplier Diversity
 - MBE Minority Business Entrepreneur
 - NMSDC National Minority Supplier Development Council
 - SDVOSB Service Disabled Veteran Owned Business Network
 - WPMSSDC 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, implement process to collect annual spend data reviewing actual spend to the Subcontracting Plan reported goal.
 - c. 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.

- d. 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, 2010 the Annual Report for activities engaged in during 2009, as outlined in Section 6 of the MOU.

The Potomac Edison Company - Reporting Year 2009 Goals

	2009 Short Term (1 year)	2011 Mid Term (3 years)	2013 Long Term (5 years)
MINORITY	5.50%	11.00%	15.50%
WOMEN	2.50%	4.00%	6.50%
SERVICE DISABLED VETERAN	0.02%	0.08%	3.00%
NOT FOR PROFIT WORKSHOP	0	0	0
(\$) TOTAL MILLION	\$5	\$11	\$19
(%) TOTAL BY SPEND	8.02%	15.08%	25.00%
Total Utility Procurement (\$) Million	\$64	\$75	\$74
% Diverse Spend to Total Utility Procurement	8.02%	15.08%	25.00%

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

UTILITY NAME: FOR THE REPORTING YEAR:		The Potomac Edison Company						
		2010						
(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	8.02%	\$64	8.02%
					0	0.00%		0.00%

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

2		The Potomac Edison Company								
UTILITY NAME:		2010								
FOR THE REPORTING YEAR:										
(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%	
								15.08%	0.00%	

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

UTILITY NAME: FOR THE REPORTING YEAR:		The Potomac Edison Company								
(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%	
					0				0.00%	