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March 1, 2010

Terry J. Romine
Executive Secretary
Maryland Public Service Commission
6 St. Paul Street
Baltimore, MD 21202

Re: PSC Administrative Docket, Public Conference 16, 2008 Utility
Supplier Diversity Public Conference; 2009 Annual Report

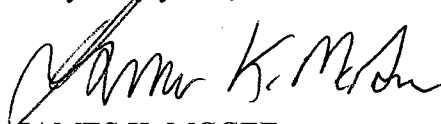
Dear Ms. Romine:

Enclosed please find an original and seventeen (17) copies of the 2009 Annual Report filed on behalf of the Association of Maryland Pilots ("Pilots") in the above-captioned proceeding. Attachments B and D of the 2009 Annual Report are being submitted confidentially, under separate cover, and will not be filed electronically like the rest of the Report.

Please note that the Pilots have spent 28.6% of its total eligible spend with Diverse Suppliers in 2009, surpassing its goal of spending 25% with Diverse Suppliers. As a result, pursuant to Section 7.2 of the Memorandum of Understanding, are not required to submit an Annual Plan for 2010.

Please do not hesitate to contact me if you have any questions concerning this matter.

Very truly yours,



JAMES K. MCGEE

JKM
Enclosure as stated.
cc: Obi Linton

**Association of Maryland Pilots
Annual Report for Diverse Supplier Program
Calendar Year 2009**

The following is hereby submitted to constitute the 2009 Annual Report for the Diverse Supplier Program (“Annual Report”) of the Association of Maryland Pilots (“Pilots”) pursuant to Section 6 of the Memorandum of Understanding (“MOU”) between the Pilots and the Public Service Commission of Maryland (“PSC” or “Commission”) executed on February 6, 2009. This Annual Report is an overall summary of the total Diverse Supplier purchases compared with the total Pilot dollars spent on goods and services covered by this MOU, for the period from January 1, 2009 through December 31, 2009. In addition, this Annual Report includes a discussion of the Pilots’ progress in tracking its spending with Diverse Suppliers and the positive outcomes of this process.

1. Summary of Diverse Supplier Spend and Progress in Meeting Goals (MOU §6.2.2, §6.2.4, and §6.2.8)

The Pilots understand the importance of providing opportunities to Diverse Suppliers, and despite its lack of previous experience in this field, are pleased to report that it has met its Short-term Goal, Mid-term Goal and Long-term Goal, including the aspirational goal of the MOU itself, by achieving 28.6% of its total eligible spend with Diverse Suppliers during the 2009 calendar year. Please See Attachment A.

As stated previously in the 2009 Annual Plan and in the 2009 Interim Report, while focusing on diversity in other areas of its business, the Pilots did not specifically look at its expenses and actively attempt to achieve a certain amount of spend with any particular group(s), including those meeting the MOU definition of Diverse Suppliers. However, as a result of Public Conference (“PC”) 16, and of the MOU, the Pilots are more acutely aware of this worthwhile and noble goal and have changed its procurement methods in order to achieve its diverse spending goals.

Calendar year 2009 was a learning process for the Pilots to analyze their spend in a new way. The first thing the Pilots did was embark on a wholesale review of its current vendors to ascertain the level of quality of goods or services received for the spend dollars regardless of supplier. The Pilots looked for areas of improvement and targeted those areas as ripe for Diverse Supplier opportunities. Next, the Pilots started a process of creating a procedure whereby before engaging in transactions for products and services, the Pilots would actively seek diverse suppliers. These processes have resulted in the Pilots discovering competitive and qualified Diverse Suppliers of which it was previously unaware.

The Pilots have found the PC 16 Working Groups to be a very useful resource in achieving success in this arena as it has enabled the Pilots to receive guidance from both its colleagues and the Commission. It is very helpful to be in consistent contact with groups that are trying to achieve the same objectives.

In terms of trying to recruit Diverse Suppliers of products or services in areas that are traditionally underserved by Diverse Suppliers, for the past calendar year the Pilots have followed the programs as set forth in Section 2 of this Annual Report below. From a long-term prospective, the Pilots have engaged in a community outreach program with minority students in schools in inner-city Baltimore, introducing them to the maritime industry. Please see Section 3 of this Annual Report for more information about the community outreach program. There are several products and services that are unique to the needs of the Pilots where very few vendors can supply, none of them being Diverse Suppliers. Through the Pilots' community outreach program, these young students may take an interest in the maritime industry and may one day provide those products and services that are currently unavailable.

2. Description of Program Activities Engaged (MOU §6.2.1)

For the calendar year 2009, the Pilots have engaged in the following activities in order to identify, create, and provide purchasing opportunities for Diverse Suppliers and strive towards the goals outlined in its 2009 Annual Plan:

- a. Established a Diverse Supplier program and assigned staff to provide overall guidance to implement Diverse Supplier program requirements;
- b. Actively participated in the newly established Maryland Diverse Supplier Workgroup under the guidance of PSC Staff, and consisting of public service companies;
- c. Engaged in discussions with the Maryland Governor's Office of Minority Affairs; reviewed reports and publications concerning the Minority Business Enterprise Program;
- d. Engaged in discussions with the Maryland Port Administration of the Maryland Department of Transportation on account of the potential of similar products and services procured as the Pilots;
- e. Began developing an outreach program to inform and recruit Diverse Suppliers to apply for procurement contracts;
- f. Identified and engaged in discussions with various organizations which represent and/or promote the interests of Diverse Suppliers;
- g. Identified events that attract and identify potential Diverse Suppliers;
- h. Analyzed how purchases were previously made in the light of maximizing contracting opportunities with Diverse Suppliers, including the possibility of unbundling products and/or services;

- i. Created a purchase tracking system of spend with Diverse Suppliers in order to maximize contracting opportunities with Diverse Supplier and to comply with reporting requirements of Section 6 of the MOU; and
- j. Worked with current vendors who may be potential Diverse Suppliers on certification as outlined in Section 2 of the MOU;

3. Community Outreach

As a result of the lack of minority involvement in the maritime industry, when Captain Eric A. Nielsen was elected President of the Pilots in 2000, one of his first priorities was to undertake an ambitious outreach program to introduce underprivileged minority youth in inner-city Baltimore to the opportunities available to the industry. Over the years, the Pilots have found that it was critical that students be introduced to the maritime industry as young as middle school so that students have the opportunity to study the appropriate subjects that will direct them towards a maritime career.

The following are some of the community programs that the Pilots have undertaken in the past and continued to carry out throughout 2009:

- a. Stimulated and promoted the introduction and exposure of inner-city disadvantaged youth to the dynamics and economics of the maritime industry through public awareness and mentoring via the Captain Avis T. Bailey Mariners' Foundation. The Foundation was established to celebrate and preserve the historical achievement and contributions of Captain Bailey being the first state licensed African-American Pilot in the United States and, until his retirement in 2008, a 30 year member of the Association of Maryland Pilots. Through the Captain Avis T. Bailey Mariners' Foundation, the Pilots have created mentoring programs for students at St. Ignatius Loyola Academy and Big Brothers/Big Sisters.
- b. Provided lectures to public elementary, middle, and high schools to explain to students the economic importance of the Port of Baltimore, the environmental value of the Chesapeake Bay, and the role of the Pilots in serving and protecting both of them;
- c. Provided an annual excursion to the Baltimore Harbor for inner-city students from the Southeast Youth Academy and the Baltimore Independent School Learning Camp aboard one of our harbor pilot launches.
- d. Established a maritime mentoring program with the Baltimore City Public School System for disadvantage students;

- e. Participated in the Living Classrooms Foundation where the Pilots would provide hands-on education and job skill training in the form of an internship on our harbor pilot launches for students from diverse backgrounds, with a special emphasis on serving minority at-risk youth;
- f. Developed an internship program for students at the Baltimore City Public High School, and the Maritime Industries Academy; and
- g. Established a program with the National Academy Foundation High School to provide a maritime program of intense college preparatory academic training and unique school-to-career experience for minority students.

4. Diverse Supplier Program Expenses (MOU §6.2.3)

The Pilots have conducted many of the Diverse Supplier activities referenced in Section 2 and the Community Outreach referenced in Section 3 internally and without extra expense. However, they have incurred expenses related to this MOU and Diverse Supplier Program in 2009 and have attached those confidentially hereto as Attachment B.

5. Diverse Supplier Procurement-related Complaints (MOU §6.2.5 and §6.2.6)

The Pilots have not received any Complaints regarding its Diverse Supplier program.

6. Diverse Supplier Vendor List (MOU §6.2.7)

Please see Attachment D, submitted confidentially, which is a list of the Diverse Suppliers used, including the type of products/services provided, the amount paid, and the type of certification.

Public Service Commission of Maryland
 Supplier Diversity Annual Report of
 Socially Disadvantaged Groups
 (MOU Sec. 6.2.2)

| ATTACHMENT A | | UTILITY NAME: Association of Maryland Pilots | | FOR THE REPORTING YEAR: 2009 | | | | | |
|------------------------------|------------------------------------|--|-------------------|-----------------------------------|--|--------------------------------|--|-------------------|--|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | | |
| LINE # | DESCRIPTION | DIRECT (\$) | SUB CONTRACT (\$) | DIVERSE SUPPLIER PROCUREMENT (\$) | PERCENTAGE (%) OF DIVERSE SUPPLIER PROCUREMENT | TOTAL UTILITY PROCUREMENT (\$) | PERCENTAGE (%) OF DIVERSE SUPPLIER (\$) TO TOTAL UTILITY PROCUREMENT | Col. (E) / Col. G | |
| MINORITY BUSINESS ENTERPRISE | | | | | | | | | |
| 1 | AFRICAN-AMERICAN | \$0 | \$0 | \$0 | 0.00% | | | 0.00% | |
| 2 | AMERICAN INDIAN/NATIVE AMERICAN | \$0 | \$0 | \$0 | 0.00% | | | 0.00% | |
| 3 | ASIAN | \$0 | \$0 | \$0 | 0.00% | | | 0.00% | |
| 4 | HISPANIC | \$0 | \$0 | \$0 | 0.00% | | | 0.00% | |
| 5 | TOTAL MINORITY BUSINESS ENTERPRISE | \$0 | \$0 | \$0 | 0.00% | | | 0.00% | |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | WOMEN BUSINESS ENTERPRISE | \$0 | \$0 | \$0 | 0.00% | | | 0.00% | |
| 9 | | | | | | | | | |
| 10 | SERVICE DISABLED VETERAN BE | \$0 | \$0 | \$0 | 0.00% | | | 0.00% | |
| 11 | | | | | | | | | |
| 12 | NOT FOR PROFIT WORKSHOPS | \$0 | \$0 | \$0 | 0.00% | | | 0.00% | |
| 13 | | | | | | | | | |
| 14 | GRAND TOTAL | \$0 | \$0 | \$174,305 | 0.00% | \$609,418 | | 28.60% | |