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TR

**W. Maurice Bridges**  
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*Via Electronic Filing*

August 17, 2009

Ms. Terry J. Romine  
Executive Secretary  
Maryland Public Service Commission  
6 St. Paul Street, 16<sup>th</sup> Floor  
Baltimore, Maryland 21202

Dear Ms. Romine:

Enclosed, please find Baltimore Gas and Electric Company's 2009 Interim Report for our Supplier Diversity Program. This report is in accordance with our Memorandum of Understanding (MOU), dated February 6, 2009.

If you have questions, please contact me at (410) 597-6972.

Sincerely,

A handwritten signature in cursive script that reads "W. Maurice Bridges".

W. Maurice Bridges

Attachments

Cc: Thomas W. Valenti, Senior Vice President, BGE Logistics Mgmt. Services  
David J. Villa, Chief Supply Chain Officer/Constellation Energy  
Jo Ann Lingner, Vice President, BGE Supply Chain  
Kim Curry, Counsel

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OF MARYLAND

Public Service Commission of Maryland  
 Supplier Diversity Report  
 Interim Report  
 (MOU Sec. 6.5)

ATTACHMENT F		UTILITY NAME: Baltimore Gas & Electric		INTERIM REPORTING FOR THE PERIOD ENDED: January 1, 2009-June 30, 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 SPEND TO TOTAL UTILITY PROCUREMENT
				Cols. (C) + (D)	\$ / Total Col. (E)		Col. (E) Line Item / Col. (G) Total
1	MINORITY BUSINESS ENTERPRISE	\$9,858,916	\$890,421	\$10,749,337	40.59%		3.61%
2							
3	WOMEN BUSINESS ENTERPRISE	\$15,700,830	\$0	\$15,700,830	59.29%		5.27%
4							
5	SERVICE DISABLED VETERAN BE	\$33,045	\$0	\$33,045	0.12%		0.01%
6							
7	NOT FOR PROFIT WORKSHOPS	\$0	\$0	\$0	0.00%		0.00%
8							
9	TOTALS	\$25,592,791	\$890,421	\$26,483,212	100.00%	\$297,756,339	8.89%

*Baltimore Gas & Electric Company  
Supplier Diversity Program 2009 Interim Report  
Submitted to the Maryland Public Service Commission*

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**SUPPLIER DIVERSITY PROGRAM 2009 INTERIM REPORT**

**SUBMITTED TO:** Ms. Terry J. Romine  
Executive Secretary  
Maryland Public Service Commission  
6 St. Paul Street, 16<sup>th</sup> Floor  
Baltimore, Maryland 21202

**SUBMITTED BY:** W. Maurice Bridges  
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**DATE:** August 17, 2009

**Baltimore Gas & Electric Company**  
**Supplier Diversity Program 2009 Interim Report**  
**Submitted to the Maryland Public Service Commission**

**INTERIM RESULTS**

For the period January 1, 2009 thru June 30, 2009, overall spend with Minority/Women and Service-Disabled were \$26.5M, representing 8.9% of overall spend. (Schedule F) The following is a breakdown comparing Maryland's PSC Mid-Term Goal vs. Mid-Term Actual. BGE's 2009 Year-End Estimate is forecasted to be approximately 6% compared to the annual goal of 10%.

	2009 Mid-Term Payments	2009 Mid-Term Goal	2009 Mid-Term Actual
<b>Total</b>	<b>\$297.8M</b>	<b>\$29.8M. (10%)</b>	<b>\$26.5M (8.9%)</b>

The primary reasons for the difference are:

- Natural Gas Spend is down approximately 40%. As a result, overall spend with diverse natural gas suppliers is also down 40%, which represents approximately 3.0 percentage points
- A diverse supplier that manufactures top quality custom-designed switchgear was impacted by an estimated \$5M reduction compared to 2008, which represents an additional .70 percentage points

BGE is actively implementing initiatives to increase supplier diversity spend as follows:

- **Operational Sourcing**
  - Identified opportunities targeting diverse suppliers for the remainder of 2009 and beyond
- **2<sup>nd</sup> Tier Process**
  - The goal is to implement a sustainable solution to capture 2<sup>nd</sup> Tier spend beginning in 2010 making it easier for Prime Suppliers to report. Further, BGE is currently negotiating 2<sup>nd</sup> tier commitments from prime suppliers.
- **Supplier Diversity Forum-**
  - On June 8, 2009 BGE hosted a Utility Forum on Supplier Diversity. The goal was to involve supply chain and supplier diversity professionals from Baltimore Gas & Electric/Constellation and other utilities to enable collective progress toward achieving 25% diversity spend. In that meeting, we had representatives from Allegheny, Baltimore Gas/Constellation Energy, Pepco/PHI and Washington Gas. Our next meeting is scheduled for September 3, 2009, in Baltimore, Maryland

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- **Diverse Supplier Outreach**

- In May, 2009 participated in a panel discussion at the Edison Electric Institute Supplier Diversity Conference in Chandler, Arizona, entitled The Memorandum of Understanding “Coming to an Area Near You” A Case Study. Also serving on the panel were Honorable Douglas R. M. Nazarian, Chairman, Maryland PSC and Honorable Harold Williams, Commissioner, Maryland PSC. The panel discussion focused on the 2008 Administrative Docket PC16, issued by the State of Maryland Public Service Commission that sets forth an aspirational goal of 25% supplier diversity spend for Utilities
- Conducted 15- 1/1 matchmaker sessions with diverse suppliers at the Edison Electric Institute’s Supplier Diversity Conference, in an effort to build a robust database of certified and qualified suppliers

- **Government Compliance/Reporting & Tracking**

- Terms and Conditions in all contracts have been strengthened to include the Utilization of Minority, Women and Service-disabled businesses
- Participation of Certified Minority, Women-Owned and Service Disabled Veteran-Owned Business Enterprise language included in all Request for Proposals and Request for Quotes
- Prime Contractors must provide periodic reports to BGE detailing supplier diversity spend for subcontracting/2<sup>nd</sup> tier spend with diverse suppliers

BGE has made significant progress in awarding major contracts to diverse suppliers. Following is a sample of some of the recent multi-year awards to diverse suppliers.

<i>Recent Awards</i>	<i>Contract Duration</i>	<i>Value (Life of Contract)</i>	<i>2010 Annual Impact</i>
Cable & Wire	2009 - 2012 (3 yrs)	\$15.0 M	\$5.0M
Fleet Fuel	2009 - 2012 (3yrs)	\$ 8.8 M	\$2.9M
Janitorial Services	2009 - 2012 (3 yrs)	\$ 2.6M	\$ .9M
Pole Lighting	2009 - 2012 (3 yrs)	\$ .9M	\$ .3M
Substation Switchgear	2010 - 2012 (3 yrs)	\$ 9.9M	\$5.9M
<b>Total:</b>		<b>\$37.2M</b>	<b>\$15.0M</b>

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For the remainder of the year and beyond, BGE will spend a significant amount of our overall budget in the following categories: Underground Construction, Overhead Utility Work, Substation and Transmission Construction and Vegetation Management. Unfortunately, there are limited diverse suppliers in the sourcing categories mentioned above, making it a huge challenge to meet our expected goals.

Some of the major challenges for BGE are as follows:

- Identifying viable diverse suppliers for the major categories listed above
- Assisting prime suppliers in helping to identify subcontracting/2<sup>nd</sup> tier opportunities for diverse suppliers
- Increasing the “bid response” rate among diverse suppliers which will ultimately result in additional awards