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Via Electronic Filing

February 16, 2010

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

Dear Ms. Romine:

Enclosed please find Baltimore Gas and Electric Company's (BGE) 2010 Plan for our Supplier Diversity Program. This report is in accordance with our Memorandum of Understanding (MOU), dated February 6, 2009. The MOU provides diverse businesses the opportunity to compete for BGE's procurement contracts for products and services.

The 2010 Plan includes activities and initiatives that will further BGE's commitment to supplier diversity. The areas represented in the 2010 Plan are Asset Management, Customer Relations & Account Services, Electric Business Operations & Planning, Gas Business Operations & Planning, Integrated Field Services, and Logistic Services. It also includes the following support organizations: Human Resources, Legal, Finance & Accounting and Business Transformation, and Strategy & Regulatory Affairs. The goals reflect the business plan targets of our current utility structure.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Kimberly A. Curry', is written over a white background.

Kimberly A. Curry

KAC:jdb

Attachment

SUPPLIER DIVERSITY PROGRAM 2010 ANNUAL PLAN

SUBMITTED TO: Terry J. Romine
Executive Secretary
Maryland Public Service Commission
6 St. Paul Street, 16th Floor
Baltimore, Maryland 21202

SUBMITTED BY: W. Maurice Bridges
Director, Supplier Diversity
Baltimore Gas and Electric Company
2900 Lord Baltimore Drive
Baltimore, Maryland 21244
(410) 470-7870 office
E-Mail: w.mauricebridges@constellation.com

DATE: February 16, 2010

Baltimore Gas and Electric Company Supplier Diversity Program 2010 Annual
Plan Submitted to the Maryland Public Service Commission

Baltimore Gas and Electric Company (BGE) submits the following goals for 2010 purchases:

2010 BGE Goals	
TOTAL PROCUREMENT DOLLARS PLANNED	\$700M
Fuels (Natural Gas)	\$160M
Operations & Maintenance/Capital Improvements	\$540M

Annual Goal¹		
	<u>PERCENT</u>	<u>DOLLARS²</u>
Short-Term Goal	11%	\$77.0M
Mid-Term Goal	11%	\$77.0M
Long-Term Goal	11%	\$77.0M

DIVERSE SUPPLIER PROGRAM ACTIVITIES PLANNED FOR 2010

During 2010, BGE’s Supplier Diversity Plan will focus on the following: **(A)** the implementation of a Supplier Diversity Plan designed to create contract opportunities for diverse suppliers; **(B)** the enforcement of stronger terms and conditions that encourages Prime Suppliers to submit subcontracting plans as part of the bid evaluation criteria to help insure the utilization of diverse suppliers; **(C)** Ensure that Prime Suppliers are accurately reporting 2nd Tier spend in a timely manner; and **(D)** Provide competitive opportunities for diverse suppliers to prequalify and compete for contracts based on proven qualifications or demonstrated performance.

This plan is limited to the following BGE business units: Gas and Electric Operations and Planning, Logistic Services, Integrated Field Services, Asset Management Services, Customer Relations & Account Field Services, and the following support organizations: Human Resources, Legal, and Finance & Accounting.

¹Per Section 7 of the terms of the recently executed Memorandum of Understanding, utilities must identify short -, mid-, and long-term goals in their Annual Plans. A short-term goal is defined in the Memorandum of Understanding as a goal applicable to a period of one year. A mid-term goal is defined as a period applicable to three years. A long-term goal is defined as a period applicable to five years. Mid-term and long-term goals are based on a number of factors and may be adjusted annually based on budgets, availability of diverse suppliers and other factors.

² BGE notes that the \$700 million in planned procurement for 2010 incorporates the anticipated spend associated with BGE’s Smart Grid investment. BGE’s overall goal for 2010 is to spend 11%, or \$77 million, with diverse suppliers. BGE will use the opportunities presented by the Smart Grid project to maximize diverse supplier participation to achieve that goal. However, if that participation does not materialize as expected due to the fact that the Smart Grid project involves an emerging technology, the \$77 million in anticipated spend referenced herein could be affected. If the projected spend is altered significantly, BGE reserves the right to update its annual goal accordingly.

Baltimore Gas and Electric Company Supplier Diversity Program 2010 Annual
Plan Submitted to the Maryland Public Service Commission

The following methods are to be used:

Internal Activities

Divisional/Departmental Minority and Women-owned Business Activities

The Director, Supplier Diversity, meets regularly with Strategic Sourcing and Operational Sourcing to identify bid opportunities on a rolling quarterly basis. This step will help the Company ultimately achieve the 25% goal. Supplier diversity initiatives will include executing the Supplier Diversity Plan. The Plan establishes goals, opportunities, and strategies to enhance the procurement opportunities for minority/woman-owned businesses (M/WBEs) and service-disabled veteran-owned businesses. Periodic briefings on supplier diversity initiatives are delivered to the Executive Leadership Team outlining progress toward meeting the 2010 supplier diversity goal.

**PLANS FOR SEEKING AND OR RECRUITING DIVERSE SUPPLIERS OF
PRODUCTS OR SERVICES WHERE DIVERSE SUPPLIERS ARE CURRENTLY
UNAVAILABLE**

Targeted Outreach

The Director, Supplier Diversity, works closely with Supply Chain Management to identify procurement opportunities and diverse suppliers who are candidates for those opportunities. We anticipate that by doing targeted outreach, we will increase bid opportunities for diverse suppliers and influence the success rate on procurement opportunities. The intended outcome is to help determine goods and services that are offered by our diverse suppliers and help to determine and build capacity for our diverse suppliers. This information will be shared with the Supply Chain staff in order to help them identify competent, qualified and certified suppliers. The areas of focus are major equipment, underground and Smart Grid opportunities.

The Director, Supplier Diversity, will continue to provide education and information to diverse firms on how to do business with BGE. We will do this via all communication channels – meetings, telephone conferencing, electronic mail, and fax and trade shows/conferences. The Supplier Diversity Director will continue as an active board member of the Maryland/District of Columbia Minority Supplier Development Council. We will be actively engaged in trade shows and conferences and provide corporate sponsorships to promote MWBE economic development.

Baltimore Gas and Electric Company Supplier Diversity Program 2010 Annual Plan Submitted to the Maryland Public Service Commission

Trade Shows/Conferences

The Supplier Diversity Program will continue to participate in supplier diversity conferences, matchmaker sessions and procurement fairs. Trade shows offer an environment conducive to identifying prospective suppliers as well as the opportunity to share BGE procurement opportunities. Tentatively, BGE plans to participate in the following 2010 activities and may choose to participate in other conferences or workshops.

- Edison Electric Institute – Supplier Diversity Conference and Trade Show
- GSA/SBA Best Practices Session
- Maryland Chamber of Commerce Business Conference
- Women’s Business Enterprise Network Conference
- Various MD/DC Minority Supplier Development Council Events
- National Minority Supplier Development Council Conference and Trade Show

Utility Forum on Supplier Diversity

The forum is designed to leverage the collaborative efforts of a network of Maryland Utilities to develop and evaluate new processes, tools, and approaches and to advance opportunities for diverse suppliers. Our goal is to create an open, collaborative forum for supply chain and supplier diversity professionals. In response to PSC direction, this forum will provide targeted, tactical execution of the stated goals of the PC-16. Following are some of the shared goals of the forum:

- 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 in an effort to develop a common list of qualified suppliers that also identifies source and type of third party certification and effective date.
- Collaborate on common pre-qualification and basic requirements used among the Maryland utilities.
- Work with the PSC staff to develop a fact sheet outlining the goals and objectives of the Memorandum of Understanding.

Baltimore Gas and Electric Company Supplier Diversity Program 2010 Annual
Plan Submitted to the Maryland Public Service Commission

**PLANS FOR ENCOURAGING PRIME CONTRACTORS TO ENGAGE DIVERSE
SUPPLIERS IN SUBCONTRACTING IN ALL CATEGORIES WHICH PROVIDE
SUBCONTRACTING OPPORTUNITIES**

To encourage and facilitate opportunities for MBE subcontractors, the following statements were developed and appear in all of the BGE's purchase orders and requests for bid proposals:

It is the policy of BGE that minority business enterprises have full opportunity to compete for subcontracts. The contractor agrees to use its best efforts to carry out this policy to the fullest extent consistent with the efficient performance of this contract. BGE strongly encourages the participation of MBEs and WBEs as subcontractors on this work.

For Requests for Bid Proposals, bidders must submit to BGE a Certified Minority and Women Business Enterprise Contracting Report ("Report") to identify those MBEs and WBEs which will be used as subcontractors. A failure to return the form and all documentation and certification may invalidate a bidder's proposal. The degree of MBE/WBE participation proposed will be used as a factor in the evaluation of bidder proposals. The Report shall be submitted with the bid, and a copy shall be sent to:

Mr. W. Maurice Bridges
Baltimore Gas and Electric Company
Director, Supplier Diversity
2900 Lord Baltimore Drive
Baltimore, Maryland 21244

**PLANS FOR COMPLYING WITH THE DIVERSE SUPPLIER PROGRAM
GUIDELINES ESTABLISHED BY THE COMMISSION**

To ensure that the terms of the Memorandum of Understanding are implemented throughout the organization, Supplier Diversity goals versus actual are reviewed on a regular basis by the Executive Leadership Team.

**PLANS FOR SEEKING AND OR RECRUITING DIVERSE SUPPLIERS THROUGH
EFFORTS SUCH AS SMALL BUSINESS INCUBATORS FOR PRODUCTS OR
SERVICES THAT ARE TRADITIONALLY UNDERUTILIZED**

BGE will research technical service providers throughout the state, such as Universities of Higher Learning, Historically Black Colleges and Universities, Minority Business Development Agencies, U.S. Small Business Administration District Offices, Community Development and Minority Resource Centers. The intent is to share with the diverse suppliers where outside training is available to assist them with business development, estimating and bidding, and

Baltimore Gas and Electric Company Supplier Diversity Program 2010 Annual
Plan Submitted to the Maryland Public Service Commission

capacity building. It also creates additional awareness regarding the categories of spend that has been traditionally underutilized.

**PLANS FOR SEEKING AND OR RECRUITING DIVERSE SUPPLIERS OF
PRODUCTS AND SERVICES WHERE DIVERSE SUPPLIER UTILIZATION HAS
BEEN LOW, SUCH AS LEGAL AND FINANCIAL SERVICES, AND AREAS THAT
ARE CONSIDERED HIGHLY TECHNICAL IN NATURE**

Generally, BGE does not procure legal and financial services. For diverse suppliers who offer legal and financial services, we will facilitate meetings with the appropriate Supply Chain Leader at Constellation Energy. For categories of spend that are highly technical in nature, BGE requires that Prime Suppliers subcontract a portion of the contract to diverse suppliers. The Prime Supplier must agree to use its best efforts to carry out this policy to the fullest extent consistent with the efficient performance of the contract.

OTHER SUPPLIER DIVERSITY INITIATIVES

Building Consensus

The Director, Supplier Diversity, serves as a resource for sourcing MBEs. While the Supply Chain staff can consult with the Director, Supplier Diversity, for prospective diverse suppliers for upcoming opportunities, it is the program Director's responsibility to remain proactive in seeking opportunities internally as well. This service is provided through the resources we have available to us, including minority business directories from other corporations, Utility Forum on Supplier Diversity, on-line resources, government agencies, supplier development councils and from networking during trade shows and business conferences. The Director, Supplier Diversity, will serve as an advisor to the organization as it relates to supplier diversity issues. The Director, Supplier Diversity, will help build consensus internally and externally in an effort to drive change and commitment to supplier diversity, while exercising influence in achieving buy-in. This will be accomplished through one-on-one and small group meetings with the Leadership Team as well as the Supply Chain staff. During so will enable BGE to help accomplish the following:

- Sourcing qualified and competent suppliers
- Create value-added supplier relationships
- Creating networking opportunities between Supply Chain staff and diverse firms
- Encouraging joint venture opportunities

Baltimore Gas and Electric Company Supplier Diversity Program 2010 Annual Plan Submitted to the Maryland Public Service Commission

Internal Communication/Reporting and Tracking

The overall purpose is to inform all audiences about the Company's commitment to increasing diversity spend and achieving the ultimate 25% goal. During 2010, BGE will provide periodic updates to BGE's Executive Leadership Team and other leadership levels regarding supplier diversity progress. We will continue to distribute detailed monthly reports that include year-to-date supplier diversity performance, accomplishments and program updates.

Best Practices

During 2010, we will continue to share and receive information with other corporations regarding BGE's supplier diversity initiatives in the areas of best practices and program enhancements. The Director, Supplier Diversity, will participate in workgroup meetings among utilities who signed the Memorandum of Understanding and the Utility Forum on Supplier Diversity. In addition we will network with the Edison Electric Institute Supplier Diversity Committee and the National Utilities Diversity Council, Utility Market Access partnership as well as third party certifying agencies. A key objective is to increase contract opportunities among diverse suppliers.

Support Organizations

BGE, through the Supplier Diversity Program, supports organizations committed to the development and utilization of diverse suppliers. During 2010, we will support these organizations through participation in their events, committees, board representation, or through financial / in-kind contributions.

- Black Engineer of the Year Awards/CEO Summit
- Edison Electric Institute (Corporate Member and Event Sponsor)
- Maryland Washington Minority Contractors Association
- MD/DC Minority Supplier Development Council (Corporate Member and Event Sponsor)