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*Via Electronic Filing*

February 15, 2013

David J. Collins, Executive Secretary  
Maryland Public Service Commission  
William Donald Schaefer Tower  
6 St. Paul Street, 16<sup>th</sup> Floor  
Baltimore, MD 21202-6806

**Re: Administrative Docket PC16  
Baltimore Gas and Electric Company Supplier Diversity  
Annual Plan for 2013**

Dear Mr. Collins:

Enclosed please find Baltimore Gas and Electric Company's (BGE) 2013 Annual Plan for our Supplier Diversity Program, which was electronically filed this date.

BGE will hand deliver an original and 17 copies by noon on the next business day in accordance with Commission guidelines for electronic filing. The Maillog number assigned to this filing will be indicated above for your reference.

Respectfully submitted,

*/s/ Kimberly A. Curry*

Kimberly A. Curry

KAC:jdb

Enclosures

## SUPPLIER DIVERSITY PROGRAM 2013 ANNUAL PLAN

**SUBMITTED TO:** Mr. David Collins  
Executive Secretary  
Maryland Public Service Commission  
6 St. Paul Street, 16<sup>th</sup> Floor  
Baltimore, Maryland 21202

**SUBMITTED BY:** Frank Kelly  
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**DATE:** February 15, 2013

# Supplier Diversity Program

## Annual Plan 2013



An Exelon Company

February 15, 2013

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## 1.0 OVERVIEW

On March 12, 2012, Exelon Corporation and Constellation announced a merger, which created the leading U.S. competitive energy provider with one of the industry's cleanest and lowest-cost power generation fleets. Additionally, Exelon now manages one of the largest retail customer bases in the nation. The new economies of scale result in greater economic opportunities, an enhanced competitive position for Exelon and its diverse suppliers, and the increased potential for mutual benefit.

The focus on supplier diversity remains a corporate priority. Subsequent to the merger, the Exelon Diverse Business Empowerment process (EDBE) remains one designed to identify high potential minority businesses and assist in growing these companies to regionally and nationally competitive positions. Exelon has already seen positive effects to the EDBE process directly related to the merger. Exelon's diverse suppliers have an expanded market place to provide goods and services to Exelon's utilities, which are headquartered in three of the nation's largest and most ethnically diverse cities (Baltimore, Chicago and Philadelphia), and retail operations throughout the country. This combination of economies of scale and geographic expansion has created significant financial opportunities for our diverse suppliers.

Following the merger, Baltimore Gas and Electric Company (BGE) intends to build on its 2012 efforts. Considerable effort was made during the most recent goal setting cycle to build post-merger synergy across the business, gaining greater understanding of spend and ensuring ownership and accountability for supplier diversity that extends beyond the Supply Chain organization. This process is designed to establish and maintain world-class supplier diversity initiatives and results.

On an annual basis, BGE uses historical information, as well as input from Finance regarding projected spend to reassess company goals. Every effort is made to ensure that diverse suppliers have the maximum opportunity to conduct business with BGE; and as a result, BGE has developed reasonable yet challenging supplier diversity goals.

## 2.0 SHORT, MID, AND LONG TERM GOALS

The goal of BGE's supplier diversity process is to ensure that various diverse suppliers are included in the BGE procurement process. We seek to:

1. Provide purchasing opportunities for diverse suppliers;
2. Identify qualified diverse suppliers that offer high-quality, cost-competitive goods and services, and matching them with the needs of the company;
3. Ensure that all qualified diverse suppliers have an opportunity to conduct business with BGE;
4. Sustain supplier diversity momentum; and
5. Become a recognized industry leader in diverse supplier inclusion as a natural part of our business culture.

BGE submits the following goal for 2013:

2013 BGE Projected Spend/Goal	
Total BGE Projected Spend	\$850M
Supplier Diversity 2013 Goal (%)	15%
Supplier Diversity 2013 Goal (\$)	\$128M

*(See attachments E1, E-2 and E-3 for short-mid and long-term goals)*

### 2.1 Short-Term Plans

In 2013, BGE will focus its supplier diversity process on the following:

- Work within the Exelon Sourcing Process, which incorporates BGE supply focused Diversity Champions to identify and address contract opportunities;
- Start identifying areas from the new and emerging technologies space where potential diverse suppliers can be developed;
- Develop diverse suppliers, especially in historically underrepresented categories;
- Continue to encourage and assist non-diverse prime suppliers to develop subcontracting plans in an effort of increasing the utilization of diverse suppliers;
- Engage with Service Disabled Veteran Organization to increase spend with Service Disabled Veteran Owned Businesses (SDVOBs);
- Implementing a supplier development program to help develop and ensure success with qualified diverse suppliers;
- Continue to enforce subcontracting requirements for reporting results, particularly in underutilized categories such as construction and professional services;
- Continue to include prime contractors in opportunities to attend business development workshops with potential diverse subcontractors, procurement agents and key decision-makers;
- Continue to advocate diverse suppliers to other organizations, e.g. – Maryland Utility Forum, Prime Suppliers, etc.; and
- Continue supporting efforts with the Maryland Utility Forum to advance supplier diversity.

## 2.2 Mid and Long Term Plans

- Create strategic relationships and develop diverse suppliers in underutilized categories;
- Continue to implement a comprehensive marketing, training, and communications plan, which promotes alliances with local and national diverse supplier advocacy organizations;
- Continue to seek additional prime and 2<sup>nd</sup> tier contracting opportunities;
- Host workshops with prime and diverse suppliers to grow BGE's contract inclusion opportunities;
- Monitor the progress and utilization of diverse contractors on a monthly basis;
- Continual improvement of internal reporting for better tracking of diverse spend and opportunity;
- Benchmark best practices amongst industry leading supplier diversity programs;
- Encourage and support diverse suppliers to implement their own green energy initiatives; and
- Continue to invite prime contractors to attend technical assistance and business development workshops with potential diverse subcontractors, category managers, and key decision-makers.

## 3.0 2013 PLANNED PROGRAM ACTIVITIES

The Supplier Diversity Office plans to conduct several innovative activities in 2013 to further encourage supplier diversity in the bidding and procuring of products and services. Planned activities include:

### 3.1 Internal Activities

- Continue to strengthen internal stakeholder relationships through BGE total enterprise value creation;
- Utilize internal communication vehicles to educate and inform employees on supplier diversity strategy and process;
- Work with Category Managers and Supplier Diversity Champions to identify and address contract opportunities. Continue to push for improved subcontracting results, particularly in underutilized categories;
- Continue to improve processes and systems to more effectively capture diversity data to help the company measure performance against goals;
- Continue to encourage and promote the use of the online Tier 2 reporting system to hold our prime suppliers accountable for supporting our supplier diversity objectives ;
- Provide training for new employees with procurement responsibility on how supplier diversity is integrated into the sourcing process;
- Implement software to track diverse supplier certifications;

- Enhance the Supplier Diversity website by including an improved calendar of events, and a Tier 2 Program write-up; and
- Investigate the feasibility of a social media strategy/presence for BGE's Supplier Diversity Office.

### 3.2 External Activities

- Continue outreach efforts and collaborate with local and national advocacy organizations to expand the utilization of diverse suppliers including, but not limited to, state and local, municipal minority contracting association, and multiethnic organizations;
- Attend Service Disabled Veteran events and build relationships to identify potential suppliers;
- Expand efforts in supplier development to help prepare diverse suppliers to compete more successfully for new business; and
- Promote BGE supplier diversity initiatives in local publications and diverse supplier directories.

## 4.0 PLANS FOR IDENTIFYING AND DEVELOPING DIVERSE SUPPLIERS IN CATEGORIES WHERE USE HAS BEEN LOW OR WHERE DIVERSE SUPPLIERS ARE UNAVAILABLE

To increase diverse supplier opportunities in low-use areas in 2013, BGE plans to:

- Target high-potential diverse suppliers for opportunities in low utilization categories; areas such as construction and professional services;
- Conduct meetings with top prime suppliers to increase their subcontracting performance;
- Invite Sourcing and key decision-makers to networking workshops with diverse suppliers;
- Encourage emerging regional diverse suppliers to obtain certification through recognized third party organizations;
- Continue to provide monthly diverse supplier data reports to executive leadership; and
- Attend outreach events and build relationships with diverse suppliers.

To increase diverse supplier opportunities where diverse suppliers are currently unavailable, BGE plans to:

- Work with regional and national advocacy organizations to identify qualified diverse suppliers:
  - Elite Service Disabled Veterans Owned Business (ESDVOB)
  - Maryland Washington Minority Contractors Association (MWMCA)
  - MD/DC Minority Supplier Development Council (MD/DC MSDC)
  - National Minority Supplier Development Council (NMSDC and Regional Affiliates)
  - Governors' Office of Minority Affairs (GOMA)
  - National Association of Regulatory Utility Commissioners (NARUC)



- Maryland Chamber of Commerce
- Women's Business Enterprise Network Council (WBENC)
- Rainbow PUSH Trade Bureau

## 5.0 PLANS FOR SUBCONTRACTING

Increasing inclusion and subcontracting standards where appropriate.

To increase subcontracting dollars for diverse suppliers in 2013, BGE plans to:

- Revisit current contracts and conduct meetings with top prime suppliers with limited or no Tier 2 diverse spend to maximize diverse subcontracting opportunities;
- Participate in planning and pre-bid meetings to ensure diverse supplier participation;
- Encourage diverse subcontractors who are not currently certified to seek certification;
- Require non diverse bidders to submit subcontracting plans in all requests for proposals (RFPs);
- Invite non-diverse prime contractors to attend networking/outreach events to help them identify potential subcontractors;
- Provide quarterly subcontracting results to Supply Chain (Sourcing Personnel, Sourcing Management, and Supply Chain leaders); and
- Monitor diverse subcontracting commitments and performance.

## 6.0 PLANS FOR COMPLYING WITH DIVERSE SUPPLIER PROGRAM GUIDELINES

BGE will continue its efforts to meet or exceed all requirements established by the Memorandum of Understanding.







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

Attachment E-1								
	<b>Utility Name:</b>	BGE Gas Supply						
<b>For the Reporting Year:</b>		2013						
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Year	Minority Business Enterprise (%)	Women Business Enterprise (%)	Disabled Veteran Business Enterprise (%)	Not for Profit Workshop (%)	Total (\$)	Total by Spend (%)	Total Utility Procurement (\$)	Percentage (%) of Diverse Supplier Spend to Total Utility Procurement
2013	8.5%	7.2%	0.0%	0.0%	25,223,000	15.7%	160,371,000	15.7%
The forecasted goal remains constant due to the impact of weather, demand for purchasing natural gas, and price volatility, as well as scarcity of commodity specific diverse suppliers.								

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

<b>Attachment E-2</b>								
	<b>Utility Name:</b>	BGE Gas Supply						
	<b>For the Reporting Year:</b>	2015						
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Year	Minority Business Enterprise (%)	Women Business Enterprise (%)	Disabled Veteran Business Enterprise (%)	Not for Profit Workshop (%)	Total (\$)	Total by Spend (%)	Total Utility Procurement (\$)	Percentage (%) of Diverse Supplier Spend to Total Utility Procurement
2015	8.5%	7.2%	0.0%	0.0%	25,223,000	15.7%	160,371,000	15.7%
The forecasted goal remains constant due to the impact of weather, demand for purchasing natural gas, and price volatility, as well as scarcity of commodity specific diverse suppliers.								

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

Attachment E-3								
	<b>Utility Name:</b>	BGE Gas Supply						
	<b>For the Reporting Year:</b>	2017						
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Year	Minority Business Enterprise (%)	Women Business Enterprise (%)	Disabled Veteran Business Enterprise (%)	Not for Profit Workshop (%)	Total (\$)	Total by Spend (%)	Total Utility Procurement (\$)	Percentage (%) of Diverse Supplier Spend to Total Utility Procurement
2017	8.5%	7.2%	0.0%	0.0%	25,223,000	15.7%	160,371,000	15.7%
The forecasted goal remains constant due to the impact of weather, demand for purchasing natural gas, and price volatility, as well as scarcity of commodity specific diverse suppliers.								