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**VIA ELECTRONIC FILING & OVERNIGHT DELIVERY**

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

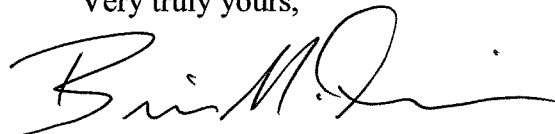
**Re: PC 16  
2013 Supplier Diversity Annual Plan and 2012 Annual Report**

Dear Mr. Collins:

Enclosed for filing on behalf of Chesapeake Utilities Corporation – Maryland Division (“Chesapeake”) are an original and eighteen (18) copies of Chesapeake’s 2013 Supplier Diversity Annual Plan and 2012 Annual Report. Chesapeake submits the enclosed filings pursuant to its Memorandum of Understanding dated July 15, 2009.

Kindly date-stamp and return the extra copy of this filing using the enclosed self-addressed, postage-prepaid envelope. Please contact me if you have any questions. Thank you.

Very truly yours,



Brian M. Quinn

BMQ/leb

Enclosures

cc: Bill O’Brien, Chesapeake Utilities Corporation

## **Chesapeake Utilities Corporation – Maryland Division Supplier Diversity Annual Plan For 2013**

Chesapeake Utilities Corporation (“Chesapeake”) entered into the Supplier Diversity Memorandum of Understanding (MOU) with the Public Service Commission of Maryland on July 15, 2009. At that time, Chesapeake had no existing Supplier Diversity Program or tracking system to identify women-, minority-, and service-disabled-veteran-owned business enterprises (“Diverse Suppliers”) and total dollars spent with those suppliers. The following is submitted as Chesapeake’s “Annual Plan” pursuant to the Supplier Diversity MOU.

Chesapeake’s new supplier diversity program must be enhanced in order to identify, track, and promote Diverse Supplier utilization. The initial tasks are as follows:

### **Internal Utility Program Development (MOU § 6.1.1)**

- 1) Continue the process of identifying those suppliers, currently used by Chesapeake, who are minority-, women-, or service-disabled-veteran-owned businesses.
  - a. Managers of Maryland Division departments will identify all suppliers utilized within their department who meet the requirements of a Diverse Supplier as described in the MOU.
  - b. Verification of Diverse Supplier status through Third Party Certification or by self certification from Supplier, in writing, to be collected from Supplier by Chesapeake.
- 2) In order to understand current Diverse Supplier spend percentages, tracking methods to compare Diverse Supplier spend with overall qualifying spend will be created.
  - a. Educate internal personnel on the North American Industry Classification System (NAICS) codes. Assign NAICS codes to Suppliers and utilize codes in Chesapeake’s existing spend tracking program software.
  - b. Within spend tracking software, assign unique Diverse Supplier code to companies who meet certification requirements.
  - c. Utilize NAICS codes, Diverse Supplier spend, and total applicable Maryland Division spend numbers to establish baseline values for Diverse Supplier spend percentages.
- 3) Using baseline figures established in 2c, identify those areas where Diverse Supplier utilization is at target levels, below target levels, and areas where products or services provided by Diverse Suppliers are currently unavailable. Incremental goals will be established over the next five years with the long term target being 25% of total spend.

- 4) Internal meetings with Chesapeake employees will be conducted for the purposes of:
  - a. Explaining the goals and purpose of Chesapeake's MOU;
  - b. Soliciting input on how to best implement the program and track goals;
  - c. Create an open dialogue about new avenues and opportunities for attracting qualified Diverse Suppliers.

**Diverse Supplier Utilization and Recruitment (MOU § 6.1.2, MOU § 6.1.3)**

- 1) Chesapeake will work with the members of the Maryland Diverse Supplier Workgroup to identify potential Diverse Suppliers for opportunities in the areas such as construction and financing.
- 2) Chesapeake will incorporate the goals of the MOU in Chesapeake's planning and pre-bid process to encourage participation by Diverse Suppliers.
- 3) Chesapeake will assist those minority business enterprises who are not certified with the process through the use of third party certifying agents
- 4) Chesapeake will utilize the Maryland Minority Supplier Development Council and other advocates of minority business enterprises to identify new suppliers in areas where utilization is low.

**External Outreach Opportunities (MOU § 6.1.1)**

- 1) Chesapeake staff will encourage participation in outreach opportunities designed to ensure that Diverse Suppliers will have the maximum reasonable opportunity to participate and succeed in the competition for contracts for applicable goods and services. These opportunities can include, but are not limited to, events sponsored by:
  - a. MD Minority Supplier Development Council
  - b. Local Chambers of Commerce
  - c. Purchasing and Procurement Expos
  - d. NAVAIR Small Business Conference and Expo
  - e. National Minority Supplier Development Council
  - f. Small Business Administration
- 2) Opportunities for additional marketing efforts intended to increase the awareness of Chesapeake's contract procurement process within the Diverse Supplier community will be investigated.

- 3) Chesapeake staff will educate new and existing Diverse Suppliers about the company's Utility contract requirements, bid and contracting procedures, materials requirements, invoicing and payment practices, and other procurement practices and procedures.

**Subcontracting Program (MOU § 6.1.4)**

- 1) Chesapeake staff will identify all Prime Contractors who utilize subcontractors in performance of contractor work Chesapeake. Meetings will be held to discuss Chesapeake's Supplier Diversity program policies and procedures with Prime Contractors.
- 2) Prime Contractors will be encouraged to provide their own goals for the utilization of Diverse Suppliers as Subcontractors.
- 3) Prime Contractors will also be notified that they must supply Chesapeake with the amounts which they spend with Diverse Supplier Subcontractors as this information will be required for the Annual Report.

**Plan Compliance and Reporting (MOU § 6.1.5)**

- 1) Chesapeake will implement a reporting and tracking system designed to comply with Section 5 of the MOU.
- 2) A formalized process for receiving and reviewing Diverse Supplier procurement-related complaints will be established and administered by Chesapeake staff. Any such complaints will be reviewed in a timely manner by Management and necessary changes may be made in the program to enhance effectiveness of the Diverse Supplier plan.

Public Service Commission of MD  
 Supplier Diversity Annual Report  
 (MOU Sec. 5.1.2)

Attachment A						
CHESAPEAKE UTILITIES						
FOR THE REPORTING YEAR: 2012						
Line #	Description	Direct (\$)	Sub Contract (\$)	Diverse Supplier Procurement (\$)	Total Utility Procurement (\$)	Percentage (%) of Diverse Supplier (\$) to Total Utility Procurement
1	Minority Business Enterprise	\$0	\$0	\$0		0.00%
2	Women Business Enterprise	\$66,383	\$0	\$66,383		2.13%
3	Disabled Veteran Business Enterprise	\$0	\$0	\$0		0.00%
	<b>Total</b>	<b>\$66,383</b>	<b>\$0</b>	<b>\$66,383</b>	<b>\$3,111,620.89</b>	<b>2.13%</b>

Public Service Commission of MD  
 Supplier Diversity Annual Report  
 (MOU Sec. 5.1.3)

Attachment B

CHESAPEAKE UTILITIES  
 FOR THE REPORTING YEAR: 2012

Line #	Expense Category	Expense Amount	Percentage to Total Program Expenses	Total Utility Spend on General and Administrative Expenses	Percentage (%) of Program Expenses To Total Utility G&A Expenses
1	Employee Salary Expenses	\$2,594	100%		
2	Other Employee Expenses	\$0	0%		
3	Program Expenses	\$0	0%		
4	Reporting Expenses	\$0	0%		
5	Training	\$0	0%		
6	Consultants	\$0	0%		
7	Other Program Expenses	\$0	0%		
	<b>Total Expenses</b>	<b>\$2,594</b>		<b>\$ 2,207,516.00</b>	<b>0.12%</b>

Public Service Commission of MD  
Supplier Diversity Annual Report  
(MOU Sec. 5.1.5)

Attachment C

CHESAPEAKE UTILITIES  
FOR THE REPORTING YEAR: 2012

Line #	Name of Company	Filing Date of Complaint	Nature of Complaint	Resolved Yes or No	If No, Please Provide Current Status
1	<i>No Complaints in 2012</i>				
2					
3					
4					
5					
6					
7					

Public Service Commission of MD  
Supplier Diversity Annual Report  
(MOU Sec. 5.1.7)

Attachment D

CHESAPEAKE UTILITIES  
FOR THE REPORTING YEAR: 2012

Line #	Vendor Name	Amount (\$)	NAICS Code	Self Certified: (Y) or (N)
1	KAP Contracting	\$4,744	238	Y
2	The Paper People	\$51,878	323	N
3	Star Building Cleaning	\$9,761	561	Y
4				
5				
Total		\$66,383		