

Via Efile and Overnight Delivery

February 14, 2012

David Collins
Executive Secretary
Maryland Public Service Commission
William Donald Schaefer Tower
6 St. Paul Street
Baltimore, MD 21202-6806

Maillog No. _____

**Re: Columbia Gas of Maryland, Inc.
Annual Supplier Diversity Plan – 2012**

Dear Mr. Collins:

Columbia Gas of Maryland, Inc. submits herewith for filing with the Commission an original and seventeen (17) copies of its Annual Supplier Diversity Plan for 2012.

Respectfully submitted,



Shirley Bardes-Hasson
Manager, Regulatory Policy

enclosures

SUPPLIER DIVERSITY 2012 ANNUAL PLAN

OF

COLUMBIA GAS OF MARYLAND, INC.

**121 CHAMPION WAY, SUITE 100
CANONSBURG, PENNSYLVANIA 15317**

TO THE

PUBLIC SERVICE COMMISSION OF MARYLAND

**Supplier Diversity Annual Plan for Calendar Year 2012
Columbia Gas of Maryland, Inc.**

1. Introduction

2. Goals
 - a. Short Term
 - b. Mid-Term
 - c. Long Term

3. Program Activities
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 - c. Recruiting Diverse Suppliers
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4. Maryland Utility Forum on Supplier Diversity

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Supplier Diversity Annual Plan for Calendar Year 2012

Columbia Gas of Maryland, Inc.

1. INTRODUCTION

The following is hereby submitted as an “Annual Plan” pursuant to the State of Maryland Public Services Commission Memorandum of Understanding (MOU), signed on January 26, 2010. This plan is submitted for the consideration of the Maryland Public Service Commission by Columbia Gas of Maryland, Inc. (“Columbia” or “Company”).

This plan will be in effect from the period of January 1, 2012 through December 31, 2012.

KEY OBJECTIVES

- Assure an engaged, aligned and transparent sustainability approach
- Proactively align opportunities across Business Units with suppliers
- Develop tools and processes that connect procurement with diverse suppliers
- Drive processes to attain performance measures for Supplier Diversity activities
- Collaborate with public and private advocacy organizations, and utility forums
- Improve communication to increase internal and external awareness of Supplier Diversity

2. GOALS

Columbia will continue progressive internal and external outreach efforts to identify diverse suppliers for participation in the company’s competitive procurement programs with special emphasis on promoting opportunities with local and national diverse suppliers. When appropriate, Columbia will identify commodity categories where supplier consolidation has occurred, and link diverse suppliers into the sourcing pipeline for subcontractor relationships with strategic primary suppliers. Supplier Diversity will continue to work with Supply Chain Procurement, as well as business unit operating areas that procure goods and services outside of Supply Chain to review investment and identify opportunities for diverse businesses, including but not limited to financial services, legal services and natural gas purchase opportunities.

a. Short Term (1 year)	
Diverse Spend Non-Gas	1.5%
b. Mid-Term (3 years)	
Diverse Spend	6%
c. Long Term (5 years)	
Diverse Spend	12%

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3. PROGRAM ACTIVITIES

a. Internal Program Activities

- Sustained communication messaging on the importance of Supplier Diversity activities throughout the Company and highlight successes
 - Inclusion and Diversity channels to champion Supplier Diversity
 - Internal employee website
 - Business Unit and departmental newsletters
- Supplier Diversity encourages participation of procurement teams and operations decision makers to attend advocacy group training, outreach events, opportunity fairs, seminars and events. This could include events such as the National Minority Supplier Development Council annual conference/affiliate council events, Edison Electric Institute annual conference and advocacy organization activities
- Continue to expand the internal supplier directory database with new diverse suppliers
- Maintain classification of supply base by identifying diversity status, NAICS Code identification, and secure Third Party Certification as outlined in the MOU
- Review and identify commodity groups reflecting the materials and services utilized by Columbia for upcoming opportunities
- Maintain categorization of suppliers that comprise 80% of direct, sourceable spend as outlined in Schedule 1 of the MOU
- Track bid opportunities for diverse supplier inclusion

b. External Program Activities

- Support efforts of affinity groups and advocacy organizations that support diverse supplier development
- Highlight program successes and communicate areas of opportunity to diverse supplier community
- Identify existing diverse suppliers that have not obtained Third Party Certification and encourage suppliers to obtain certification through one of the Third Party Certifying Agents as outlined in the MOU
- Allocate budget dollars for activities in support of the MOU, tracking and reporting resources, company exposure at outreach events, membership(s) with advocacy organizations/affinity organizations and associated travel expenses
- Promote Company and increase visibility at outreach events targeting diverse suppliers that provide goods and services to the utility industry and/or within the company service territory
- Educate diverse suppliers on the procurement process, practices and prequalification required to do business in the utility industry
- Identify and share diverse supplier profiles among the utilities that participate in the Maryland Utility Forum

Supplier Diversity participates as a member of the board of directors in various business advocacy organizations and advisory councils, and participates in conferences, trade shows, workshops and matchmaker discussions.

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c. Recruiting Diverse Suppliers

- Coordinate with other utilities to hold a utility-specific outreach event to connect procurement with diverse suppliers
- Encourage utilities to share diverse supplier lists to increase the pool of diverse suppliers with utility experience
- Identify diverse suppliers via industry referrals, affinity group databases, and outreach events
- Maintain a pipeline of suppliers through on-line registration process to capture and filter potential diverse suppliers into a database
- Connect procurement to diverse suppliers through outreach events and a searchable database

Supplier Diversity supports a wide range of outreach efforts to identify diverse suppliers and establish relationships with Columbia decision makers to maximize contracting opportunities. Participation in outreach efforts affords an opportunity to educate suppliers on the utility industry, procurement practices and industry requirements.

d. Subcontracting through Prime Contractors

- Identify prime contractors with existing subcontracting programs
- Maintain subcontracting program by obtaining, verifying, and reporting subcontracted diverse spend
- Support alliances with prime contractors and diverse suppliers that provide added value

Supplier Diversity, Procurement Teams and operations decision makers will continue to identify program suppliers to support Columbia's operations. Procurement will continue to encourage prime suppliers to develop relationships with and use diverse suppliers. Prime suppliers will be encouraged to partner with Columbia and attend outreach events to identify diverse suppliers for future subcontracting efforts.

4. MARYLAND UTILITY FORUM ON SUPPLIER DIVERSITY

The forum is designed to leverage the collaborative efforts of the utilities that have signed the MOU and work to advance opportunities for diverse suppliers. Meeting with and sharing best practices with other Maryland utilities and industry contacts increases supplier diversity awareness and further enhances the supplier diversity initiative. Columbia will be represented at forum meetings and participate in data requests and activities to further enhance the supplier diversity initiative.

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Columbia Gas of Maryland, Inc.

5. CONCLUSION

Columbia Gas of Maryland, Inc. submits the “Annual Plan” as outlined in the MOU in an effort to increase and improve the overall mix of diverse businesses that contract and subcontract for materials and services. We encourage our contractors, subcontractors, and suppliers to abide by the spirit and intent of the policy and support our drive toward long-term performance and position as a valued community partner.