



A PHI Company

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James W. Boone
Assistant General Counsel

August 17, 2009

Ms. Terry J. Romine
Executive Secretary
Public Service Commission of Maryland
William Donald Schaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, Maryland 21202

Re: Interim Report

Dear Ms. Romine:

Pursuant to the Public Service Commission of Maryland Memorandum of Understanding, enclosed please find an original and twenty-two (22) copies of the Potomac Electric Power Company's Interim Report for Minority, Women and Service-Disabled Veteran-Owned Business Enterprises for January 1, 2009 – June 30, 2009.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

A handwritten signature in black ink that reads "James W. Boone". The signature is written in a cursive, flowing style.

James W. Boone

JWB/mlp

Enclosure

**Interim Report for
Minority, Women and Service-Disabled Veteran-Owned
Business Enterprises
January 1, 2009 – June 30, 2009**

The following is an “Interim Report” pursuant to the State of Maryland Public Service Commission Memorandum of Understanding (MOU), signed on February 6, 2009. This Interim Report is submitted for the consideration of the Maryland Public Service Commission by Pepco, a Pepco Holdings, Inc. Company.

1. The results from January 1, 2009 through June 30, 2009 demonstrate Pepco is making a concerted effort toward goal attainment.

Diverse Suppliers Pepco	Annual Goal 2009	January - June 2009 Actual
Minority Business Enterprise	6.00%	15.98%
Women Business Enterprise	2.00%	3.12%
Service Disabled Veteran Enterprise	0.0010%	0.00%
Not For Profit Workshops	0.005%	0.02%
Total	8.001%	19.12%

Pepco had total utility procurement for goods and services totaling \$102.8 million dollars January 1 through June 30, 2009. Direct spend to diverse suppliers totaled \$18.1 million dollars and subcontract dollars were \$1.5 million dollars for a total of \$19.6 million dollars or 19.1% of diverse supplier spend to total utility procurement for goods and services.

2. New processes and systems implemented
 - Second-tier spend tracking and reporting through a contract with AECSOFTUSA, a minority-owned firm.
 - An internet-based system to collect profile data from all current diverse suppliers to provide an on-line internal directory
 - A new internal system, “Sourcing Workflow”, automates tracking of the procurement process from requisition to contract. This system includes all requisitions valued over \$100,000.
 - Language in the requisition and contract terms and conditions has been revised to more strongly state the Company’s commitment to expanding opportunities for inclusion of diverse suppliers.
3. Progress in non-traditional areas includes
 - The Advanced Meter Infrastructure (AMI) contract for installation of 1.9 million smart meters was awarded in April 2009 to a woman business enterprise, Scope Services. The estimated contract value is \$43.8 million. Deployment has begun in the Delmarva region. The project has received approval in the DC region and is pending approval in the Maryland and New Jersey regions.
 - A contract was awarded to a Maryland-based woman-owned business for a company-wide wellness program in 2010
4. Areas where the Company anticipates encountering problems in Filing Annual Reports
 - The State of Maryland regulated formula for the procurement of distribution transformers is based on total cost of ownership. The current formula does not take into consideration the intangible benefit to procurement from diverse suppliers or suppliers within the United States.
 - Equipment warranties requiring procurement of parts from original equipment manufacturer eliminates any opportunity for competition.

ATTACHMENT F									
UTILITY NAME: Pepco									
INTERIM REPORTING FOR THE PERIOD ENDED: 6/30/2009									
(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	\$14,921,213	\$1,507,279	\$16,428,492	83.59%		15.98%		
2	WOMEN BUSINESS ENTERPRISE	\$3,203,315	\$0	\$3,203,315	16.30%		3.12%		
3	SERVICE DISABLED VETERAN BE	\$0	\$0	\$0	0.00%		0.00%		
4	NOT FOR PROFIT WORKSHOPS	\$20,694	\$0	\$20,694	0.11%		0.02%		
5	TOTALS	\$18,145,222	\$1,507,279	\$19,652,501	100.00%	\$102,788,613	19.12%		
ATTACHMENT F									
UTILITY NAME: Delmarva Power									
INTERIM REPORTING FOR THE PERIOD ENDED: 6/30/2009									
(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	\$4,877,652	\$781	\$4,878,433	24.82%		4.75%		
2	WOMEN BUSINESS ENTERPRISE	\$1,818,203	\$63,492	\$1,881,695	9.57%		1.83%		
3	SERVICE DISABLED VETERAN BE	\$169,000	\$0	\$169,000	0.81%		0.15%		
4	NOT FOR PROFIT WORKSHOPS	\$50,000	\$0	\$50,000	0.25%		0.05%		
5	TOTALS	\$6,904,855	\$64,273	\$6,969,128	35.46%	\$61,917,703	6.78%		