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February 26, 2010

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

**Re: 2008 Utility Supplier Diversity Public Conference  
Administrative Docket PC 16**

Dear Ms. Romine:

In accordance with the Memorandum of Understanding, dated February 6, 2009, in the above referenced matter, enclosed please find the original and seventeen (17) copies of the Supplier Diversity Plan for 2010 for the Potomac Electric Power Company and Delmarva Power & Light Company.

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

Very truly yours,

A handwritten signature in black ink that reads "Marc K. Battle" with a stylized flourish at the end.

Marc K. Battle

Enclosures

MKB/lap

cc: Ms. Paula Carmondy, People's Counsel  
Ms. Rhonda J. Mencarini, Supplier Diversity

**Annual Plan for Calendar Year 2010  
 Minority, Women and Service-Disabled Veteran-Owned  
 Business Enterprises  
 January 1, 2010 – December 31, 2010**

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

This plan will be in effect for the period of January 1, 2010 through December 31, 2010 and covers the Pepco region.

1. Pepco will work towards continually increasing its total percent spend with minority, women and service disabled veterans on both first and second-tier procurement to ultimately accomplish the 25% goal. The mid term and long term goals as summarized below reflect increases over the next five year period with the initial long term goal meeting the minimum percentages defined in section 5.1.2 of the MOU. See attachment for E-2 and E-3, Mid and Long Term goals. Long term contracts have not been excluded and are therefore included in the total anticipated spend (MOU § 7.1.1).

<b>2010</b>	<b>Mid-Term (3yr)</b>	<b>Long-Term (5yr)</b>
<b>Diverse Suppliers</b>		
<b>Minority</b>	<b>7.000%</b>	<b>8.000%</b>
<b>Women</b>	<b>3.000%</b>	<b>4.000%</b>
<b>Service-disabled veteran</b>	<b>0.002%</b>	<b>2.000%</b>
<b>Handicapped workshops</b>	<b><u>0.002%</u></b>	<b><u>0.003%</u></b>
<b>Total</b>	<b>10.004%</b>	<b>14.003%</b>

2. Pepco will expand its aggressive internal and external outreach effort to identify and develop diverse suppliers for participation in the Company's competitive procurement programs. Activities planned for calendar year 2010 include (MOU §7.1.2):
  - a. Attend monthly/bi-monthly Maryland Utility Forum meetings and actively participate in achieving the following 2010 Maryland Utility Forum goals.
    - Expand outreach to include educational sessions focused on prequalification criteria, bid process and licensing/professional certification requirements

- Design common supplier profile forms and basic requirements that can be shared among the Maryland utilities with supplier permission.
  - Collaborate on common pre-qualification requirements for diverse suppliers and third party certification sources
  - Propose and implement utility website upgrades to include more information regarding procurement process, practices and pre-qualification requirements
  - Develop a fact sheet working with the MDPSC staff on the goals and objectives of the MD PSC MOU for distribution to the supplier community
  - Leverage utility experience to determine best practices, common goals, and supplier outreach opportunities.
- b. Supplier Diversity will work with Strategic Sourcing and individual operating areas to propose goals, monitor progress, highlight success, communicate areas of opportunity and meet with suppliers and internal customers to explore additional areas of opportunity.
- c. Supplier Diversity in partnership with Supply Chain launched in 2009, an internet based system to collect profile data from all current diverse suppliers to serve as an on-line internal directory of diverse suppliers accessible by all employees. Although we have over 85% of current diverse suppliers in the system, much of the data including certifications is incomplete. During 2010, we have plans to notify the suppliers their ownership must be certified or we will be forced to take them out of the diverse supplier database. We are also evaluating requisition language to require certification be added to sourcing requests as a diverse supplier.
- d. Supply Chain implemented in 2009, an internal system which automates the process of requisitioning to contract. This includes all requisitions over \$100,000 and will be sent to Supplier Diversity staff for review and addition of diverse suppliers to the candidate bidder pool. Metrics around diverse inclusion are being developed and tracked on a monthly basis.

e. Supplier Diversity also encourages participation of buyers and operating group personnel in business and advocacy group training such as the National Minority Supplier Development Council Conference, the MD/DC Minority Supplier Development Council events, other regional Council events, Edison Electric Institute (EEI) Seminar & Tradeshow events, opportunity fairs, seminars and conferences. Ongoing program orientation and review sessions will be held to ensure:

- Maximum level of opportunities for diverse suppliers
- Expanded contracting opportunities
- Focused discussions on the use of local diverse suppliers to meet the Company's operating requirements
- Understanding of the business case for supplier diversity

f. Ongoing meetings and discussions will be held with Company employees to:

- Discuss the business case for diverse supplier inclusion and expansion
- Offer Supplier Diversity resources in identifying and qualifying diverse suppliers for contracting opportunities
- Address specific material group code goal attainment and non-opportunity areas requiring additional development and sourcing requirements
- Continue use of material group code reports to target areas requiring increased internal and/or external development
- Discuss Supplier Diversity program enhancements and changes in policies and procedures
- Provide referrals to operating areas
- Provide monthly progress toward target and corporate goals to each line of business
- Solicit input on how to further improve or enhance the program
- Implement changes to enhance the program

g. Supplier Diversity continues to support a wide range of outreach efforts. These activities are designed to identify and maximize contracting opportunities as well as to provide education about the utility industry, procurement practices, areas of opportunity and those areas which are saturated in the marketplace and offer little or no opportunity.

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 panel discussions. Supplier Diversity provides financial, technical and in-kind services to public and private sector organizations promoting the advancement of diverse businesses.

- h. Supplier Diversity invites and encourages participation in the outreach initiatives and actively promotes the use of diverse suppliers. Supplier Diversity will participate, support and sponsor events during 2010 to ensure the maximum level of promotion of opportunities for diverse suppliers. Specific activities are listed in Appendix A. A sample of organizations supported By Pepco to promote contracting opportunities with diverse suppliers includes:
- MD/DC Minority Supplier Development Council
  - Montgomery County, Maryland Economic Development
  - The Elite-Service-Disabled Veteran Organization
  - Maryland Washington Minority Contractor's Association
  - Women's Business Enterprise National Council affiliates serving Maryland, DC, Delaware and New Jersey
  - MD/DC Minority Supplier Development Council
  - PA/NJ/DE Minority Supplier Development Council
  - State of Maryland Office of Minority Affairs
  - Local and regional Chambers of Commerce
  - Greater Washington Board of Trade
  - Small Business Administration
- i. Supplier Diversity also participates in regional and national organizations advocating diverse supplier development and actively encourages participation by local businesses in these organizations' activities to expand their business opportunities. A sample of these organizations which Supplier Diversity members have leadership roles are listed below. Specific activities are attached in Appendix A.
- National Minority Supplier Development Council
  - MD/DC MSDC and PA/NJ/DE MSDC
  - EEI (Edison Electric Institute) Supplier Diversity Committee
  - National Association of Minority Contractors
  - U.S. Small Business Administration (SBA)
  - Maryland Washington Minority Contractors Association
  - Women President's Education Organization (WPEO)
  - The Elite Service-Disabled Veteran-Owned Business Network

3. Plans for recruiting Diverse Suppliers of products and services where utilization has been low, underutilized or currently unavailable (MOU §7.1.3, 7.1.4):
  - a. The Company will continue to use the material group code method to maximize use of diverse suppliers in all Company operations. Supplier Diversity will continue efforts to identify and pre-qualify diverse suppliers seeking business opportunities with Pepco.
  - b. Continued sessions with major operating areas to ensure understanding of the goals and departmental responsibilities and to identify and expand areas of opportunity for diverse suppliers.
  - c. Supplier Diversity, Strategic Sourcing and major operating departments will continue to analyze the material group codes identified as having no opportunity. Each non-opportunity code will be reviewed and an action plan developed for diverse suppliers. We will continue work on the development of creative and innovative ways to decrease the number of non-opportunity categories.
  - d. Supplier Diversity and Strategic Sourcing will cooperate in identifying program suppliers to support the Company's operations. Meetings will be held with operating groups to identify new contracting opportunities.
  - e. Construction projects will continue to encourage the use of diverse suppliers as prime contractors and to encourage majority contractors/suppliers to develop and use diverse suppliers.
  - f. Pepco will continue its efforts to maximize contract opportunities for diverse suppliers in professional services.
  - g. Supplier Diversity will continue to work with operating areas and conduct Supplier Diversity business briefings/forums during 2010 to communicate specific business needs, operational requirements and upcoming opportunities to increase the number of procurement opportunities for diverse suppliers and to improve goal performance.
  - h. Supplier Diversity will continue advertising in local, regional and national publications on a limited basis during 2010 due to budgetary constraints. A copy of the ad to be used in 2010 is attached. (Appendix C). The corporate web site [www.pepco.com](http://www.pepco.com) has a segment on Supplier Diversity. An intranet site is also maintained and continuously enhanced.
  - i. The 2010 Supplier Diversity outreach efforts will continue to focus on locating diverse suppliers in the non-opportunity areas. A listing of the planned 2010 tradeshow and seminars and networking opportunities are attached (Appendix A).

4. Plans for encouraging Prime Contractors to engage Diverse Suppliers in subcontracts that include subcontracting opportunities (MOU §7.1.5):
  - a. The Company will continue to develop plans and strategies to use diverse suppliers in all aspects of Pepco's operations. Specific action includes:
  - b. Contract evaluation processes that give weight to those bidders who agree to provide training and development to diverse suppliers in non-opportunity areas.
  - c. Support alliances with diverse suppliers that provide value-added services to Pepco.
  - d. Pepco assures that the clause entitled "Utilization of Small Business Concerns" is included in all contracts that offer further subcontracting opportunities, and all subcontractors (except small business concerns) who receive contracts in excess of \$550,000 (\$1,000,000 for construction) will be required to adopt a subcontracting plan.
  
5. Plans for complying with the established Diverse Supplier program guidelines (MOU §7.1.6):
  - a. Pepco implemented a second tier reporting and tracking system that provides spend from Pepco's prime contractors to diverse suppliers. This system is powered by AECSOFTUSA, a Houston, Texas based minority-owned firm in partnership with Pepco's Supplier Diversity and Supply Chain.
  - b. Pepco will have the entire supplier database reviewed by AECSOFTUSA, a third party verifier, to assure compliance with certification requirements.
  - c. Pepco will review the findings and follow through on any diverse suppliers that do not have current certifications.
  - d. Pepco will meet with other Maryland utilities and industry contacts in an effort to increase supplier diversity awareness and further enhance the Supplier Diversity initiative.
  - e. Submit the Annual Reports as outlined in Section 6 of the MOU.

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

ATTACHMENT E-2		Pepero		2010									
UTILITY NAME:		FOR THE REPORTING YEAR:											
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(N)				
YEAR	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT FOR PROFIT WORKSHOP	(%) TOTAL	(%) TOTAL	TOTAL UTILITY PROCUREMENT	PERCENTAGE (% OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT)					
2010	7.0	3.0%	0.002%	0	\$ 23.7	10.002%	\$ 237.5	10.002%					
	%	%	%	%	\$	%	\$	%					





**Annual Plan for Calendar Year 2010  
 Minority, Women and Service-Disabled Veteran-Owned  
 Business Enterprises  
 January 1, 2010 – December 31, 2010**

The following is hereby submitted as an “Annual Plan” pursuant to the State of Maryland Public Service Commission Memorandum of Understanding (MOU), signed on February 6, 2009. This Plan is submitted for the consideration of the Maryland Public Service Commission by Delmarva Power and Light, a Pepco Holdings, Inc. company.

This plan will be in effect for the period of January 1, 2010 through December 31, 2010 and covers the Delmarva region.

1. Delmarva Power and Light will work towards continually increasing its total percent spend with minority, women and service disabled veterans on both first and second-tier procurement to ultimately accomplish the 25% goal. The mid term and long term goals as summarized below reflect increases over the next five year period with the initial long term goal meeting the minimum percentages defined in section 5.1.2 of the MOU. See attachment for E-2 and E-3, Mid and Long Term goals. Long term contracts have not been excluded and are therefore included in the total anticipated spend (MOU § 7.1.1).

<b>2010</b>	<b>Mid-Term (3yr)</b>	<b>Long-Term (5yr)</b>
<b>Diverse Suppliers</b>		
<b>Minority</b>	<b>6.000%</b>	<b>8.000%</b>
<b>Women</b>	<b>3.000%</b>	<b>4.000%</b>
<b>Service-disabled veteran</b>	<b>0.020%</b>	<b>2.000%</b>
<b>Handicapped workshops</b>	<b><u>0.100%</u></b>	<b><u>0.200%</u></b>
<b>Total</b>	<b>9.120%</b>	<b>14.200%</b>

2. Delmarva Power and Light will expand its aggressive internal and external outreach effort to identify and develop diverse suppliers for participation in the Company's competitive procurement programs. Activities planned for calendar year 2010 include (MOU §7.1.2):
  - a. Attend monthly/bi-monthly Maryland Utility Forum meetings and actively participate in achieving the following 2010 Maryland Utility Forum goals.
    - Expand outreach to include educational sessions focused on prequalification criteria, bid process and licensing/professional certification requirements

- Design common supplier profile forms and basic requirements that can be shared among the Maryland utilities with supplier permission.
  - Collaborate on common pre-qualification requirements for diverse suppliers and third party certification sources
  - Propose and implement utility website upgrades to include more information regarding procurement process, practices and pre-qualification requirements
  - Develop a fact sheet working with the MDPSC staff on the goals and objectives of the MD PSC MOU for distribution to the supplier community
  - Leverage utility experience to determine best practices, common goals, and supplier outreach opportunities.
- b. Supplier Diversity will work with Strategic Sourcing and individual operating areas to propose goals, monitor progress, highlight success, communicate areas of opportunity and meet with suppliers and internal customers to explore additional areas of opportunity.
- c. Supplier Diversity in partnership with Supply Chain launched in 2009, an internet based system to collect profile data from all current diverse suppliers to serve as an on-line internal directory of diverse suppliers accessible by all employees. Although we have over 85% of current diverse suppliers in the system, much of the data including certifications is incomplete. During 2010, we have plans to notify the suppliers their ownership must be certified or we will be forced to take them out of the diverse supplier database. We are also evaluating requisition language to require certification be added to sourcing requests as a diverse supplier.
- d. Supply Chain implemented in 2009, an internal system which automates the process of requisitioning to contract. This includes all requisitions over \$100,000 and will be sent to Supplier Diversity staff for review and addition of diverse suppliers to the candidate bidder pool. Metrics around diverse inclusion are being developed and tracked on a monthly basis.

e. Supplier Diversity also encourages participation of buyers and operating group personnel in business and advocacy group training such as the National Minority Supplier Development Council Conference, the MD/DC Minority Supplier Development Council events, other regional Council events, Edison Electric Institute (EEI) Seminar & Tradeshow events, opportunity fairs, seminars and conferences. Ongoing program orientation and review sessions will be held to ensure:

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h. Supplier Diversity invites and encourages participation in the outreach initiatives and actively promotes the use of diverse suppliers. Supplier Diversity will participate, support and sponsor events during 2010 to ensure the maximum level of promotion of opportunities for diverse suppliers. Specific activities are listed in Appendix A. A sample of organizations supported By Delmarva Power and Light to promote contracting opportunities with diverse suppliers includes:

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- Women President's Education Organization (WPEO)
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  - a. The Company will continue to use the material group code method to maximize use of diverse suppliers in all Company operations. Supplier Diversity will continue efforts to identify and pre-qualify diverse suppliers seeking business opportunities with Delmarva Power and Light.
  - b. Continued sessions with major operating areas to ensure understanding of the goals and departmental responsibilities and to identify and expand areas of opportunity for diverse suppliers.
  - c. Supplier Diversity, Strategic Sourcing and major operating departments will continue to analyze the material group codes identified as having no opportunity. Each non-opportunity code will be reviewed and an action plan developed for diverse suppliers. We will continue work on the development of creative and innovative ways to decrease the number of non-opportunity categories.
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  - i. The 2010 Supplier Diversity outreach efforts will continue to focus on locating diverse suppliers in the non-opportunity areas. A listing of the planned 2010 tradeshow and seminars and networking opportunities are attached (Appendix A).

4. Plans for encouraging Prime Contractors to engage Diverse Suppliers in subcontracts that include subcontracting opportunities (MOU §7.1.5):
  - a. The Company will continue to develop plans and strategies to use diverse suppliers in all aspects of Delmarva Power and Light's operations. Specific action includes:
  - b. Contract evaluation processes that give weight to those bidders who agree to provide training and development to diverse suppliers in non-opportunity areas.
  - c. Support alliances with diverse suppliers that provide value-added services to Delmarva Power and Light.
  - d. Delmarva Power and Light assures that the clause entitled "Utilization of Small Business Concerns" is included in all contracts that offer further subcontracting opportunities, and all subcontractors (except small business concerns) who receive contracts in excess of \$550,000 (\$1,000,000 for construction) will be required to adopt a subcontracting plan.
  
5. Plans for complying with the established Diverse Supplier program guidelines (MOU §7.1.6):
  - a. Delmarva Power and Light implemented a second tier reporting and tracking system that provides spend from Delmarva Power and Light's prime contractors to diverse suppliers. This system is powered by AECSOFTUSA, a Houston, Texas based minority-owned firm in partnership with Delmarva Power and Light's Supplier Diversity and Supply Chain.
  - b. Delmarva Power and Light will have the entire supplier database reviewed by AECSOFTUSA, a third party verifier, to assure compliance with certification requirements.
  - c. Delmarva Power and Light will review the findings and follow through on any diverse suppliers that do not have current certifications.
  - d. Delmarva Power and Light will meet with other Maryland utilities and industry contacts in an effort to increase supplier diversity awareness and further enhance the Supplier Diversity initiative.
  - e. Submit the Annual Reports as outlined in Section 6 of the MOU.

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

ATTACHMENT E-2		Delmarva Power		2010							
UTILITY NAME:		FOR THE REPORTING YEAR:									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(N)		
YEAR	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT FOR PROFIT WORKSHOP	(\$) TOTAL	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT	PERCENTAGE (% OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT)			
2010	6.0	3.0%	0.200%	0.1	14.2	9.120%	186.0	9.120%			
	%	%	%	%	\$	%	\$	%			



