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Submitted via E-File System and UPS Delivery

April 1, 2013

Mr. David J. Collins
Executive Secretary
Maryland Public Service Commission
William Donald Schaefer Tower
6 St. Paul St., 16th Floor
Baltimore, MD 21202

RE: PC16
Utility Supplier Diversity
Annual Report re Diverse Suppliers Program
Qwest Communications Company, LLC d/b/a CenturyLink QCC (CenturyLink)

Dear Mr. Collins:

Enclosed is an original plus 17 copies of Qwest Communications Company, LLC d/b/a CenturyLink QCC ("CenturyLink") Annual Report on our Diverse Supplier Program, pursuant to Section 6 of the Memorandum of Understanding entered into between Qwest and the Maryland Public Service Commission.

CenturyLink respectfully requests confidential treatment of this annual report as allowed pursuant to the Memorandum of Understanding. Enclosed is an original plus 10 copies of CenturyLink's confidential Attachment D. Also enclosed is a CD containing an electronic copy of CenturyLink's confidential Attachment D.

If you have any questions concerning this matter, please do not hesitate to contact me at (303) 992-5828 or at Rick.Gutierrez@CenturyLink.com.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rick Gutierrez", written over a faint circular stamp.

Rick Gutierrez
Regulatory Operations
CenturyLink QCC

enclosure

**MWDVBE 2012 ANNUAL REPORT
STATE OF MARYLAND PUC**

2012 ANNUAL REPORT

CenturyLink values all supplier contributions and recognizes their individual importance. Minority, Women and Disabled Veteran Business Enterprises (“MWDVBE”) are a vital part of the CenturyLink’s supplier base and are integral to our service provision.

CenturyLink is proud of its 2012 MWDVBE results in the state of Maryland. At the corporate level, CenturyLink spent over 12% of its total discretionary spending with MWDVBE suppliers. In the state of Maryland, CenturyLink’s 2012 MWDVBE spend is at 13.67%. The breakdown of this spend is in Attachment A-1 Ethnicity report

CenturyLink’s Internal MWDVBE Program Activities

1. As part of CenturyLink’s Supply Chain Organization, CenturyLink maintains a dedicated Supplier Diversity team to implement and manage CenturyLink’s MWDVBE Supply Chain program. CenturyLink’s Supplier Diversity organization focuses specifically on:

- Using MWDVBE firms in direct contracting;
- Encouraging primary contractors to use MWDVBEs as subcontractors;
- Assisting MWDVBEs in the formation of creative alliances that result in their doing business with CenturyLink.

To achieve these goals, and to assure continued opportunities and growth for MWDVBE suppliers, the Supplier Diversity Organization collaborates with CenturyLink’s Supply Chain Organization’s strategic sourcing managers, who oversee the daily management and strategic relationships with prime minority and non-minority suppliers.

CenturyLink’s Supplier Diversity team meets regularly with the strategic sourcing teams to provide assistance with any MWDVBE issues or questions; to assist with the Request for Proposal (“RFP”) bidding processes; and to ensure that the strategic sourcing teams

understand and incorporate CenturyLink's MWDVBE initiatives in contracts with CenturyLink. The Supplier Diversity Organization also works directly with managers in CenturyLink's business units to ensure personnel involved in Supply Chain decisions are trained in use of MWDVBE suppliers.

Following are highlights of CenturyLink's 2012 internal MWDVBE program activities that are conducted by CenturyLink's Supplier Diversity Organization:

- Tracking and reporting direct contracting and subcontracting spending with MWDVBE suppliers to CenturyLink leadership, CenturyLink Supply Chain Organization, and CenturyLink business units
- Monitoring business unit implementation of CenturyLink MWDVBE corporate policies and initiatives to ensure opportunities and utilization of MWDVBES at CenturyLink.
- Maximizing opportunities and participation by MWDVBES by providing information and introducing MWDVBE suppliers to CenturyLink's Supply Chain strategic sourcing teams.
- Maintaining an internal website for use by CenturyLink's strategic sourcing teams and others involved in Supply Chain activities.

Enhanced Capability to Identify and Track MWDVBE Supplier Data

CenturyLink's Supplier Diversity organization continues to contract with a third party service provider for detailed reporting on all CenturyLink suppliers with transaction dollars greater than \$1,000.

In addition, the Supplier Diversity team works with this provider for on-line reporting capabilities for all CenturyLink prime suppliers, with whom CenturyLink spends greater than \$500,000 annually, to report their MWDVBE subcontracting activities. Prime suppliers are required to report their MWDVBE spend on a quarterly basis.¹ CenturyLink currently has 248 prime/indirect suppliers reporting via the on-line tool.

¹ CenturyLink has adopted the Technology Industry Group standards for reporting MWDVBE spend by direct or prime suppliers.

Supplier Diversity Training

CenturyLink's Supplier Diversity Organization made presentations to CenturyLink business unit managers during the second and last quarter of 2012. The goals of the meetings were two-fold: first, to present MWDVBE utilization results, and second, to reiterate the corporate commitment to the supplier diversity initiative. Information was presented about awareness of and compliance with the Public Service Commission of Maryland. CenturyLink's focus includes increasing use of state certified suppliers at CenturyLink, and also adding new Maryland -certified suppliers to its supplier base. CenturyLink also emphasized the need to have CenturyLink's prime contractors utilize Maryland certified suppliers and report on this utilization in the on-line reporting tool provided.

External MWDVBE Program Activities

In 2012, CenturyLink maintained a very strong presence in the minority business community by taking part in presentations and actively participating on various boards of directors, at conferences and other minority-focused events, and engaged in the following activities as part of its MWDVBE program:

- National Minority Supplier Development Council Annual Procurement Conference
- NMSDC Regional Program Managers Seminar
- Reservation Economic Summit
- Women's Business Enterprise National Council Annual Conference

CenturyLink's External Practices and Outreach in Support of Supply Chain from MWDVBES

In 2012, the Supplier Diversity Organization at CenturyLink did the following:

- Maintained strategic business relationships with minority/women Chambers of Commerce and other minority groups and organizations for the purpose of disseminating information about CenturyLink’s program and to ensure that CenturyLink is represented, visible and accessible to MWVDBEs. CenturyLink Directors and managers have attended the following events for the purpose of outreach and education on CenturyLink business:
 - Mountain Region Business Economic Summit
 - National Minority Supplier Development Council Conference
 - Women’s Business Enterprise Network Council Conference
 - Small and Disadvantaged Business Opportunity Council tradeshow
 - Regional Minority Supplier Development Council Access Meetings
- Earned regional and national recognition for our efforts in Supplier Diversity and utilization of MWDVBE suppliers.
- Community business presentations on Preparing to do business with CenturyLink

CenturyLink’s external outreach program included active participation in the following national and regional organizations:

- Maryland Minority Supplier Development Council
- National Minority Supplier Development Council
- Small Business Administration
- Small and Disadvantaged Business Opportunity Council
- Technology Industry Group
- U.S. Hispanic Chamber of Commerce
- Virginia Minority Supplier Development Council, Arlington, VA

**SUMMARY OF MWDVBE PURCHASES AND/OR CONTRACTS, WITH
BREAKDOWNS BY ETHNICITY, PRODUCT AND SERVICE CATEGORIES**

See Attachments A1– Ethnicity report; A2 – NAICS Product/Service report

DESCRIPTION OF PROGRESS IN MEETING OR EXCEEDING SET GOALS

The following is an outline of CenturyLink goals and results for 2012:

1. CenturyLink continues to be able to identify state-specific spend
2. CenturyLink continues to work with its' top three prime suppliers with spend in Maryland to ensure they are reporting their MWDVBE subcontracting spend through the on-line tool, and that they are appropriately utilizing Maryland certified MWDVBE subcontractors. Over 23 prime suppliers with spend in MD reported spend with MWDVBE subcontractors.
3. CenturyLink has trained strategic sourcing managers and business units on State of Maryland requirements.
4. CenturyLink business unit manager and sales team continue to research and review business requirements to identify areas for MWDBE utilization.

SUMMARY OF UTILIZATION OF MWDVBE SUBCONTRACTORS

As described earlier in this Report, CenturyLink has contracted with a third party supplier to provide on-line reporting capabilities for all CenturyLink Supply Chain suppliers with spend greater than \$500,000 annually to report their subcontracting efforts. Training is provided quarterly. Suppliers with annual spend of greater than \$500,000 are expected to report their direct spend with MWDVBE subcontractors on a quarterly basis.

LIST OF MWDVBE COMPLAINTS RECEIVED AND CURRENT STATUS

No complaints from MWDVBES have been received by CenturyLink.

SUMMARY OF PURCHASES AND OR CONTRACTS IN EXCLUDED CATEGORIES

CenturyLink has no excluded categories.

DESCRIPTION OF EFFORTS TO RECRUIT MWDVBE SUPPLIERS IN LOW UTILIZATION CATEGORIES

CenturyLink continues to research for MWDBE firms that can provide services in historically low utilization commodities.

Opportunities for utilization of MWDVBES currently fall in the following commodities:

- Installation and Maintenance services
- Inside and Outside Plant services
- Professional Services
- Equipment, software and maintenance services
- Network construction
- Real Estate

Short-Term Goals, Mid-Term, and Long-Term Goals

For calendar year 2012, CenturyLink has been able to continue to report the majority of its Supply Chain spending at a state-specific level.

CenturyLink will continue to leverage third party supplier database and on-line reporting system to evaluate supplier spend by commodity and MWDBE supplier utilization. CenturyLink plans to continue research to identify Maryland certified suppliers for utilization in future business opportunities. These reports will be analyzed on a quarterly basis and shared with CenturyLink leadership, CenturyLink Supply Chain Organization, and CenturyLink business units.

Description of MWDVBE Program Activities for 2012 – Internal and External

- CenturyLink provided training on the Maryland MOU with strategic sourcing managers and business units. CenturyLink will continue to offer an on-line web site that provides access to detailed information for suppliers doing business with CenturyLink.
- CenturyLink attended and exhibited at business trade show during annual conference for the National Minority Supplier Development Council to do outreach and network with minority suppliers that have national business scalability.

2012 Plan for recruiting MWDVBE suppliers in low utilization areas

CenturyLink's Supplier Diversity organization will continue to work with the CenturyLink's Supply Chain organization and other internal business units to formulate strategies to increase MWDVBE participation through Request for Proposal bid opportunities and through special efforts to seek and identify MWDVBE suppliers in low utilization categories.

Specifically, CenturyLink's Supplier Diversity staff in partnership with its Supply Chain strategic sourcing teams have made a conscious effort to increase MWDVBE suppliers in low utilization categories as follows:

- Utilizing referrals from public agencies, Technology Industry Group, trade associations and minority supplier councils
- Actively seeking MWDVBE suppliers that meet specific requirements of internal business units
- Facilitating introductory meetings between internal clients, strategic sourcing managers and MWDBEs
- Connecting MWDVBE suppliers with prime non-minority suppliers to explore subcontracting opportunities

- Publicizing upcoming contracting opportunities through CenturyLink’s external network of minority business organizations and chambers of commerce

Plans for Encouraging Prime Contractors to Engage MWDVBE Suppliers in Subcontracts

CenturyLink plans to continue to encourage prime contractors to subcontract with MWDVBE suppliers and will provide specific goals and targets for prime contractors to reach their subcontracting commitment to CenturyLink. CenturyLink’s subcontracting plan will be strictly adhered to and monitored through quarterly scorecard meetings with the larger prime contractors and through individual strategic sourcing manager monitoring their assigned prime suppliers.

Plans for Complying with MWDVBE Program Guidelines

CenturyLink plans to continue to improve its outreach efforts, and its identification and use of MWDVBE suppliers in Maryland by all the methods described in this Report and Plan. CenturyLink will also continue to improve its capabilities to identify, track, and report on its actual Supply Chain spending and its use of MWDVBE suppliers in Maryland. CenturyLink recognizes the vital role that MWDVBE suppliers play in CenturyLink’s local and national territories and service areas.

Public Service Commission of Maryland
 Supplier Diversity Annual Report of
 Socially Disadvantaged Groups
 (MOU Sec. 6.2.2)

ATTACHMENT A-1 UTILITY NAME: CENTURYLINK CORPORATION FOR THE REPORTING YEAR: 2012							
(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 (\$ TO TOTAL UTILITY PROCUREMENT
				COLS. (C) + (D)	\$ / TOTAL COL. (E)	Col. (E) / Col. G	
MINORITY BUSINESS ENTERPRISE							
1	AFRICAN-AMERICAN		\$0	\$0	0.00%		0.00%
2	AMERICAN INDIAN/NATIVE AMERICAN		\$0	\$0	0.00%		0.00%
3	ASIAN	\$102,006		\$102,006	71.75%		9.81%
4	HISPANIC		\$0	\$0	0.00%		0.00%
5	TOTAL MINORITY BUSINESS ENTERPRISE	\$102,006	\$0	\$102,006	71.75%		9.81%
6							
7							
8	WOMEN BUSINESS ENTERPRISE	\$1,629		\$1,629	1.15%		0.16%
9							
10	SERVICE DISABLED VETERAN BE				0.00%		0.00%
11							
12	*NOT FOR PROFIT WORKSHOPS				0.00%		0.00%
13	*PRIME SUPPLIER TIER 2 SPEND		\$38,536	\$38,536	27.11%		3.71%
14	GRAND TOTAL	\$103,635	\$38,536	\$142,171	100.00%	\$1,039,850	13.67%
*This category isn't tracked by CenturyLink							
Total Utility -CenturyLink Corporation 2012							

Public Service Commission of Maryland
 Supplier Diversity Annual Report of
 NAICS Codes
 (MOU Sec. 6.2.2)

ATTACHMENT A-2													
UTILITY NAME: CENTURYLINK CORPORATION													
FOR THE REPORTING YEAR: [REDACTED]													
RESULTS BY PRODUCT													
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)			
LINE #	NAICS #	PRODUCT/SERVICE DESCRIPTIONS BY NAICS CODE ^{1,2}	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	PRIME SUPPLIER TIER 2 SPEND	TOTAL DIVERSE SUPPLIER (\$) BY NAICS CODE	PERCENTAGE (%) TO TOTAL DIVERSE SUPPLIER BY NAICS	TOTAL UTILITY PROCUREMENT	PERCENTAGE OF DIVERSE SUPPLIER (\$) TO TOTAL UTILITY PROCUREMENT			
			\$	\$	\$	\$	COLS. (D), (E), (F), and (G)	%	\$	COL. (I) \$ / TOTAL COL. (J)			
1	237	Heavy and Civil Engineering	\$101,200			\$35,820	\$137,020	96.38%	\$137,020	13.18%			
2	238	Construction	\$15	\$860		\$623	\$1,498	1.05%	\$1,498	0.14%			
3	323	Specialty Trade Contractors					\$0	0.00%	\$0	0.00%			
4	334	Printing and related services					\$0						
5	441	Computer and Electronic Manufacturing					\$0						
6	48-49	Motor Vehicle and Parts Dealers		\$766			\$766	0.54%	\$766	0.07%			
7	532	Transportation/Warehousing Rental and Leasing Services					\$0	0.00%	\$0	0.00%			
8	541	Professional, Scientific, and Technical Services	\$791	\$3		\$2,088	\$2,882	2.03%	\$2,882	0.28%			
9	561	Administrative and Support Services				\$5	\$5	0.00%	\$5	0.00%			
10		Other						0.00%	\$0	0.00%			
11								0.00%	\$0	0.00%			
12													
13		Totals	\$102,006	\$1,629	\$0	\$38,536	\$142,171	100.00%	\$1,039,850	13.67%			
14													
15	Footnotes:												
16	1	NAICS Codes listed are subject to change											
17	2	To the extent that disclosure of the contract amount dollars applies to only one vendor, the Utility may confidentially report data for columns (D) through (K).											
18	3	COLUMN G has been changed to reflect subcontracting spend-Prime suppliers. CenturyLink doesn't track the Not For Profit Workshops classification											

Public Service Commission of Maryland
 Supplier Diversity Annual Report of
 Goal Comparison
 (MOU Sec. 6.2.2)

ATTACHMENT A-3			
		UTILITY NAME: CENTURYLINK CORPORATION FOR THE REPORTING YEAR: 2012	
(A)	(B)	(C)	(D)
LINE #	DESCRIPTION	CURRENT YEAR RESULTS (%)	CURRENT YEAR GOALS (%)
1	MINORITY BUSINESS ENTERPRISE	71.75%	48.00%
2			
3	WOMEN OWNED BUSINESS ENTERPRISE	1.15%	20.00%
4			
5	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE		22.50%
6			
7	NOT FOR PROFIT WORKSHOPS		0.00%
8			
9	PRIME SUPPLIERS - SUBCONTRACTING	27.10%	9.50%
10	TOTAL	100.00%	100.00%