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Marjorie Herlth
Regulatory Director – Policy & Law

VIA UPS Delivery

August 14, 2009

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

RE: Utility Supplier Diversity
Interim Report re Diverse Suppliers Program
Qwest Communications Company, LLC

Dear Ms. Romine:

Enclosed is Qwest Communications Company, LLC's ("Qwest") Interim Report, including Attachment F, reflecting Qwest's Diverse Supplier purchases for the period of January 1, 2009 through June 30, 2009 pursuant to Section 6.5 of the Memorandum of Understanding entered into between Qwest and the Maryland Public Service Commission.

If you have any questions concerning this matter, please do not hesitate to contact me at (303) 383-6680 or at Marjorie.Herlth@qwest.com.

Sincerely,

Marjorie Herlth

Enclosures

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AUG 18 2009
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OF MARYLAND

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AUG 17 2009
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OF MARYLAND

WMDVBE SEMI-ANNUAL REPORT

2009 SEMI-ANNUAL REPORT

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

Qwest is proud of its 2009 Q2 MWDVBE results in the state of Maryland. At the corporate level, Qwest spent over 12% of its total discretionary spending with MWDVBE suppliers. In the state of Maryland, Qwest’s Q2 MWDVBE spend is at 10.59%. The breakdown of this spend is in Attachment A – Mid Year Maryland Interim Report Q2 2009.

Qwest’s Internal MWDVBE Program Activities

1. As part of Qwest’s Procurement Organization, Qwest maintains a dedicated Supplier Diversity Organization to implement and manage Qwest’s MWDVBE procurement program. Qwest’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 Qwest.

To achieve these goals, and to assure continued opportunities and growth for MWDVBE suppliers, the Supplier Diversity Organization collaborates with Qwest’s Procurement Organization’s strategic sourcing managers, who oversee the daily management and strategic relationships with prime minority and non-minority suppliers. Qwest’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 Qwest's MWDVBE initiatives in contracts with Qwest. The Supplier Diversity Organization also works directly with managers in Qwest's business units to ensure personnel involved in procurement decisions are trained in use of MWDVBE suppliers.

Following are highlights of Qwest's 2009 Q2 internal MWDVBE program activities that are conducted by Qwest's Supplier Diversity Organization:

- Implementing Qwest MWDVBE corporate policies and initiatives to ensure opportunities and utilization of MWDVBES at Qwest.
- Tracking and reporting direct contracting and subcontracting spending with MWDVBE suppliers to Qwest leadership, Qwest Procurement Organization, and Qwest business units
- Maximizing opportunities and participation by MWDVBES by providing information and introducing MWDVBE suppliers to Qwest's Procurement strategic sourcing teams.
- Conducting training and education to various Qwest business units on Qwest's Supplier Diversity Program (see below for discussion of training activities).
- Maintaining an internal website for use by Qwest's strategic sourcing teams and others involved in procurement activities.

Enhanced Capability to Identify and Track MWDVBE Supplier Data

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

In addition, the Supplier Diversity team works with this provider for on-line reporting capabilities for all Qwest direct or prime suppliers, with whom Qwest spends greater than \$500,000, to report their MWDVBE subcontracting activities. Prime/direct

suppliers are required to report their MWDVBE spend on a quarterly basis.¹ Qwest currently has 273 prime/indirect suppliers reporting via the on-line tool.

Supplier Diversity Training

Qwest's Supplier Diversity Organization made presentations to Qwest business unit managers during the first and second quarters of 2009. The goals of the meetings were two-fold: first, to present MWDVBE use 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. Qwest's focus includes increasing use of state certified suppliers at Qwest, and also adding new Maryland -certified suppliers to its supplier base. Qwest also emphasized the need to have Qwest's prime contractors utilize Maryland certified suppliers and report on this utilization in the on-line reporting tool provided.

External MWDVBE Program Activities

In 2008, Qwest 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.

Qwest's External Practices and Outreach in Support of Procurement from MWDVBES

In 2009 Q2, the Supplier Diversity Organization at Qwest did the following:

- Directly provided materials to existing and potential MWDVBE suppliers to encourage and instruct them concerning Qwest's procurement practices and how they can participate as potential suppliers and be selected as suppliers to Qwest.

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

- Maintained strategic business relationships with minority/women Chambers of Commerce and other minority groups and organizations for the purpose of disseminating information about Qwest's program and to ensure that Qwest is represented, visible and accessible to MWVDBEs. Qwest Directors and managers have attended the following events for the purpose of outreach and education on Qwest business:

- Minority Media and Telecommunications Council Conference
- Small and Disadvantaged Business Opportunity Council tradeshow
- Minority Business Regional Economic Summit
- Regional Minority Supplier Development Council Access Meetings

- Earned national recognition for our efforts in Supplier Diversity and utilization of MWDVBE suppliers.

Qwest'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
- Telecommunications 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 Attachment A – Mid Year Maryland Interim Report Q2 2009.

DESCRIPTION OF PROGRESS IN MEETING OR EXCEEDING SET GOALS

The following is an outline of Qwest goals and results for 2009:

1. Qwest continues to be able to identify all state-specific spend
2. Qwest continues to work with its' top five 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 15 prime suppliers with spend in MD reported spend with MWDVBE subcontractors.
3. Qwest has trained strategic sourcing managers and business units on State of Maryland requirements.
4. Qwest 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, Qwest has contracted with a third party supplier to provide on-line reporting capabilities for all Qwest Procurement suppliers with spend greater than \$500,000 to report their subcontracting efforts. Training is provided quarterly. 38 suppliers have been trained to date in 2009. 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 Qwest.

SUMMARY OF PURCHASES AND OR CONTRACTS IN EXCLUDED CATEGORIES

Qwest has no excluded categories.

DESCRIPTION OF EFFORTS TO RECRUIT MWDVBE SUPPLIERS IN LOW UTILIZATION CATEGORIES

Qwest 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
- Call Center Support
- Equipment, software and maintenance services
- Network construction

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

For calendar year 2009, Qwest expects to be able to continue to report all of its Procurement spending at a state-specific level.

Qwest will continue to leverage third party supplier database and on-line reporting system to evaluate supplier spend by commodity and MWDBE supplier utilization. Qwest 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 Qwest leadership, Qwest Procurement Organization, and Qwest business units.

Description of MWDVBE Planned Program Activities for 2009 – Internal and External

- Qwest will continue to work with its Prime Suppliers with spend in MD to ensure they are reporting their MWDVBE subcontracting activity.
- Qwest will continue to do training on the Maryland MOU with strategic sourcing managers and business units. Qwest will continue to offer an on-line web site that provides access to detailed information for suppliers doing business with Qwest.

2009 Plans for recruiting MWDVBE suppliers in low utilization areas

Qwest's Supplier Diversity organization will continue to work with the Qwest's Procurement 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, Qwest's Supplier Diversity staff in partnership with its Procurement strategic sourcing teams will take measures to increase MWDVBE suppliers in low utilization categories as follows:

- Utilize referrals from public agencies, Telecommunication Industry Group, trade associations and minority supplier councils
- Actively seek MWDVBE suppliers that meet specific requirements of internal business units
- Facilitate introductory meetings between internal clients, strategic sourcing managers and MWDBEs
- Connect MWDVBE suppliers with prime non-minority suppliers to explore subcontracting opportunities
- Provide information and education to MWDVBE suppliers on specific requirements and needs of Requests for Proposal to ensure higher rate of success with preparation of responses
- Publicize upcoming contracting opportunities through Qwest's external network of minority business organizations and chambers of commerce
- Debrief unsuccessful MWDVBE suppliers and provide guidance to help improve competitiveness in future bidding opportunities
- List low utilization area categories in marketing and other materials and information to be disseminated to encourage MWDVBE suppliers in those areas to contact Qwest and participate in bidding opportunities

Plans for Encouraging Prime Contractors to Engage MWDVBE Suppliers in Subcontracts

Qwest 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 Qwest. Qwest's subcontracting plan will be strictly adhered to and monitored through monthly 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

Qwest 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. Qwest also strives to improve its capabilities to identify, track, and report on its actual procurement spending and its use of MWDVBE suppliers in Maryland. Qwest recognizes the vital role that MWDVBE suppliers play in Qwest's local and national economies. On another level, Qwest recognizes the richness that diverse suppliers introduce into Qwest's business mix and that a great portion of these suppliers are also Qwest's customers.

