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February 14, 2012

VIA FEDEX OVERNIGHT

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

**Re: The Potomac Edison Company 2012 Annual Plan as required by
The Memorandum of Understanding dated February 6, 2009 (PC 16)**

Dear Mr. Collins:

In accordance with Section 7 of the Memorandum of Understanding dated February 6, 2009, between the Commission and The Potomac Edison Company, enclosed please find the original and seventeen (17) copies of Potomac Edison's Annual Plan for Calendar Year 2012 with respect to Minority, Women and Service Disabled Veteran-Owned Business Enterprises.

Should there be questions, please contact me.

Very truly yours,



Jeffrey P. Trout

Enclosures

The Potomac Edison Company
Annual Plan for Calendar Year 2012

Minority, Women and Service Disabled Veteran-Owned
Business Enterprises
January 1, 2012 – December 31, 2012

This Annual Plan prepared pursuant to the State of Maryland Public Service Commission Memorandum of Understanding (MOU), signed on February 6, 2009 is submitted for the consideration of the Maryland Public Service Commission by FirstEnergy Corp. (“FirstEnergy”) on behalf of The Potomac Edison Company (“Potomac Edison” or “Company”).

This plan will be in effect for the period of January 1, 2012 through December 31, 2012 and covers the Maryland business segment of Potomac Edison.

1. Potomac Edison is on track to ultimately achieve its long term five year goal of 25% in 2013. The short, mid and long term goals originally established in the 2009 Annual Plan are included as attachments E-1, E-2 and E-3 Short, Mid and Long Term Goals. Long term contracts have not been excluded and are therefore reported in the total spend (MOU §7.1.1).
2. Activities planned for the 2012 calendar year include (MOU §7.1.2):
 - a. Join and participate in the Maryland Chapter of The Elite Service Disabled Veteran Owned Business Network.
 - b. Continue to participate in the National Minority Supplier Development Council affiliated MD/DC Minority Supplier Development Council along with the PA-NJ-DE, Northern Ohio and Western PA regional councils.
 - c. Attend Maryland Utility Forum meetings and actively work towards achieving the following 2012 Maryland Utility Forum goals:
 - Continue to enhance the Maryland Utility Forum Website, relocating the Website from Google to a Shared platform.
 - Review assessment results of the MOU’s Schedule 2 Third-Party Certifying Agencies prepared by the consultant retained by PHI. Provide recommendation to MD PSC.
 - Establish common methodology to assess accuracy of Tier 2 spend.

- Continue to provide updated information to the Forum's master list of third-party certified companies.
 - Develop plan to assess opportunities for Diverse Supplier investment firms.
 - Leverage utility experience to determine best practices, common goals, and supplier outreach opportunities.
- d. Participate in Edison Electric Institute's (EEI) Supplier Diversity Task Force committees, attended the EEI Best Practices Workshop, February 1-3, 2012 and attend the EEI Supplier Diversity Conference scheduled for May 23-25, 2012.
 - e. Continue to actively participate to support supplier diversity initiatives and programs as members of the Public Utility Commission of Ohio - Ohio GATE Advisory Council and the New Jersey Board of Public Utilities Supplier Diversity Development Council, and engage with other NARUC Councils.
 - f. Participate in the Women's Business Enterprise Council of PA-DE-sNJ, by attending meetings, educational sessions and supporting the Council by reviewing applications and conducting site visits for women owned businesses seeking third-party certification.
 - g. Provide monthly updates to Supply Chain management and buyers identifying diverse supplier bid participation, subcontracting goals and Maryland diverse spend results.
 - h. Analyze bid opportunity data to identify Diverse Suppliers that did not respond to a bid offering, determine why they did not respond, and for those diverse suppliers that do participate, but did not win, determine why they did not win and work with them to identify any barriers that might exist.
 - i. Provide further internal employee training to heighten awareness of FirstEnergy's Supplier Diversity Program, the Maryland MOU, the Annual Plan and its long term goals.
 - j. Provide further training to Supply Chain personnel on FirstEnergy's Subcontracting Program explaining their role in working with Prime Contractors to increase the utilization of Diverse Suppliers as subcontractors especially when fulfilling our contract requirements.
 - k. Complete reporting outlined in Section 6 of the MOU, including continued review and verification of the internal material/commodity groups describing the materials and services utilized corporate-wide, and identify a NAICS Code that correlates to each of the defined groups. Map the internal material groups to a NAICS code to complete the Annual Report - Results by Product, attachment A-2 as required by the MOU.

1. Include standard language in Potomac Edison request for proposals notifying suppliers of the Maryland MOU requirement to obtain Certification from a Third-Party Certifying Agent and aggressively encourage self-certified suppliers to obtain certification through one of the Third-Party Certifying Agents specified in Section 2.1 of the MOU.
3. Plans for recruiting Diverse Suppliers of products or services where utilization has been low, underutilized or currently unavailable include (MOU §7.1.3, 7.1.4):
- a. Establish an internal Supply Chain Department bid opportunity goal identifying the percent of competitively bid purchase orders/contracts that will include diverse suppliers on bid solicitations.
 - b. Work with Company Treasury and Finance Groups to identify opportunities to increase spend with Diverse Suppliers that can provide services associated with our finance and leasing requirements.
 - c. Continue efforts to identify and engage with service disabled veteran owned businesses by reaching out to Forum members, Department of Veteran Affairs, joining The Elite Service Disabled Veteran Owned Business Network – Maryland Chapter and attending SDVOB conferences such as the 9th Annual Elite SDVOB Network National Convention of Service Disabled Veteran Owned Business.
 - d. Increase influence in competitive sourcing opportunities across Potomac Edison by including Potomac Edison management in the bid evaluation process.
 - e. Negotiate Tier 2 direct spend requirements for all Maryland Energy Efficiency Program contracts.
 - f. Evaluate additional opportunities to increase Diverse Supplier spend for other key purchases such as transformer, vegetation control services, engineering, IT, facilities services and security related services.
 - g. In addition to contacts made through various supplier diversity organizations, trade shows, and conferences, FirstEnergy utilizes a variety of resources to identify minority, women and service disabled veteran-owned business enterprises. The following is a partial listing of the referenced sources:
 - Central Contractor Registration (CCR)
 - SBA Dynamic Small Business Search
 - Edison Electric Institute (EEI) Supplier Diversity Task Force
 - Maryland Department of Transportation (DOT) Directory
 - Maryland Utility Forum on Supplier Diversity

- National Minority Supplier Development Council Regional Councils and MBISYS (Minority Business Information System)
- Service Disabled Veteran Owned Business Network (SDVOSB)
- VetBiz.gov
- Women's Business Enterprise Council of PA-DE-sNJ
- Internal Supplier Registration Profile database and SAP Vendor Master

4. Plans for encouraging Prime Contractors to engage Diverse Suppliers for subcontracting opportunities include (MOU §7.1.5):

- a. Provide additional Tier 2 Subcontracting training for company buyers.
- b. Continue internal Supply Chain Department goal requiring buyers to obtain vendor's Subcontracting Plan or documentation identifying why a Subcontracting Plan is not required for contracts in excess of \$550,000.
- c. Continue to manage the Subcontracting Plans received and ensure Tier 2 reports are submitted quarterly from Prime Contractors.
- d. Audit quarterly reports to ensure the Prime Contractor has paid its Tier 2 subcontractors, and implement a new process requiring Prime Contractors to provide written confirmation along with their quarterly reports.
- e. FirstEnergy assures that the clause entitled "Utilization of Small Business Concerns" is included in all subcontracts that offer further subcontracting opportunities, and all subcontractors (except small business concerns) who receive subcontracts in excess of \$550,000 (\$1,000,000 for construction of any public facility) will be required to adopt a plan similar to this plan.
- f. FirstEnergy will maintain separate records on contracts in excess of \$550,000 to demonstrate procedures that have been adopted to comply with the requirements of the Subcontracting Plan.

5. Plans for complying with the established Diverse Supplier Program Guidelines (MOU §7.1.6):

- a. Develop new standard language clause to include in Potomac Edison request for proposals to alert self-certified suppliers of the Maryland MOU requirement to obtain certification from a Third-Party Certifying Agent; and we will aggressively encourage suppliers to obtain certification through one of the Third-Party Certifying Agents specified in Section 2.1 of the MOU.

- b. Identify and monitor those suppliers that receive \$25K or more in annual gross revenues to confirm receipt of third-party certification.
- c. Continue to improve the vendor management process to ensure accuracy of diversity status identification, third-party certification and vendor re-certification.
- d. Meet with other utilities and industry contacts in an effort to increase supplier diversity awareness and further develop our Supplier Diversity Program.
- e. Continue to focus and refine efforts to identify and qualify certified minority, women and service disabled veteran-owned businesses through our advocacy partnerships and by attending trade fairs, seminars, meetings, and conferences that support diverse suppliers.
- f. Submit by March 31, 2012 the Annual Report for activities engaged in during 2011, as stipulated in Section 6 of the MOU.

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

ATTACHMENT E-1		The Potomac Edison Company							
UTILITY NAME:		2009							
FOR THE REPORTING YEAR:									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
YEAR	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT FOR PROFIT WORKSHOP	(\$) TOTAL MILLION	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$) MILLION	PERCENTAGE (%) OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT	
2009	5.50%	2.50%	0.02%	0	\$5	8.02%	\$64	8.02%	0.00%

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

ATTACHMENT E-2		The Potomac Edison Company		2011					
UTILITY NAME:									
FOR THE REPORTING YEAR:									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
YEAR	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT FOR PROFIT WORKSHOP	(\$) TOTAL Million	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$) Million	PERCENTAGE (%) OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT	
2011	11.00%	4.00%	0.06%	0	\$11	15.08%	\$75	15.08%	0.00%

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

ATTACHMENT E-3		The Potomac Edison Company		2013					
UTILITY NAME:									
FOR THE REPORTING YEAR:									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
YEAR	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT FOR PROFIT WORKSHOP	(\$) TOTAL Million	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$) Million	PERCENTAGE (%) OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT	
2013	15.50%	6.50%	3.00%	0	\$19	25.00%	\$74	25.00%	0.00%
					0	0.00%			