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February 14, 2011

Via E-File and Hand Delivery

Ms. Terry J. Romine
Executive Secretary
Public Service Commission of Maryland
William Donald Schaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, Maryland 21202-6806

Re: PC16 and Verizon Maryland Inc.'s Annual Plan

Dear Ms. Romine:

In conjunction with PC16 on supplier diversity, Verizon Maryland Inc. ("Verizon") entered into a Memorandum of Understanding ("MOU") with the Commission on February 6, 2009. Pursuant to section 7 of the MOU, please find attached an original and fourteen copies of Verizon's "Annual Plan" for filing with the Commission.

Please do not hesitate to contact me at (410) 393-3044 with any questions or concerns. Thank you very much.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jeffrey A. Rackow".

Jeffrey A. Rackow

cc: Odogwu Obi Linton, Director, OER

Verizon Maryland Inc.

2011 Annual Plan

Maryland Public Service Commission (PSC)

Submitted In Accordance With

Memorandum of Understanding

On Supplier Diversity

**Verizon Maryland Inc.
Annual Plan 2011
Table of Contents**

1. Introduction

2. Planned Activities

- a. Internal Program Activities
- b. External Program Activities
- c. Subcontracting

3. Short and Long Term Goals

- a. Attachment E-1 Short Term
- b. Attachment E-2 Mid-Term
- c. Attachment E-3 Long Term

4. Plans for Recruiting Diverse Suppliers

5. Plans for Encouraging Prime Contractors Engagement

6. Plans for Continued MOU Compliance

1. Introduction

This Annual Plan is submitted pursuant to the Memorandum of Understanding (“MOU”) executed on February 6, 2009 between the Public Service Commission (“PSC”) of Maryland and Verizon Maryland Inc. (“VZ-MD” or “Verizon”). Verizon will use best practices and implement procedures and reporting requirements consistent with this MOU to ensure that Diverse Suppliers have the maximum opportunity to compete for the company’s contracts and subcontracts for the purchase of all goods and services governed by this MOU, including, but not limited to, equipment, supplies, materials, construction ventures, legal, accounting and financial services, technology-related research and development, testing, and other procurable goods and services and to encourage and assist, where reasonable, its Prime Contractors to develop diverse sub-contracting plans to increase the utilization of Diverse Suppliers as Subcontractors.

2. Planned Program Activities

a. Internal Program Activities

Verizon will continue to develop its Supplier Diversity program with an emphasis on continuous improvement across its business units. We will:

- Identify key requests for proposals (“RFPs”) and promote opportunities for diverse suppliers as described in the MOU (including, without limitation, minority, women, and service-disabled veteran business enterprises; collectively herein “MWSDVBE”), including working through the “Cross Functional Teams” (explained in section 5, below);

- Work with internal business units (outside of the sourcing group) whose functions affect selection of suppliers. Encourage competitive selection of all suppliers to ensure full opportunity for MWSDVBEs;
- Verify diverse status during the initial registration phase in Verizon's vendor system and prior to the issuance of any contract award. Also conduct database scrubs to enhance the validity of registered suppliers.

b. External Program Activities

Verizon will continue its practice of supporting and participating in outreach activities that advocate and promote supplier diversity. This outreach effort has targeted areas for the State of Maryland in conjunction with the State's MBE University Initiative. Verizon plans to continue its support of outreach events or sponsorships nationwide in an effort to increase the utilization of diverse suppliers; the following events listed are a sample of those events, among others:

- MD/DC Minority Supplier Development Council Business Development Conference
- State of Maryland Minority Business Enterprise (MBE) University Business Conference
- National Minority Enterprise Development (MED) Week Conference
- US Hispanic Chamber of Commerce Conference
- US Pan Asian American Chamber of Commerce Conference
- Women's Business Enterprise National Council Conference

Verizon personnel serve as either board member or chairperson for several boards, including in the following national organizations:

- National Minority Supplier Development Council
 - Board Member of National Minority Supplier Development Council
 - Board Member of the Maryland/District of Columbia Minority Supplier Development Council
- Women's Business Enterprise National Council (WBENC)
 - Member of the National Board of Directors
 - Member of the Local Chapter Board of Directors
- National Hispanic Chamber of Commerce
- Chair of the Procurement Council
- Member of the Billion Dollar Roundtable
- The Federal Communications Commission's Federal Advocacy Committee on Diversity for Communications in the Digital Age

Verizon will continue to support the efforts of non-profit business organizations that strive to improve and foster the climate for MWSDVBEs, such as the Maryland/District of Columbia Minority Supplier Development Council, the Maryland Association of Nonprofit Organizations, the National Black Chamber of Commerce, the Maryland Hispanic Chamber of Commerce, the Baltimore/Washington Corridor Chamber of Commerce, the Prince George's Chamber of Commerce, and the Baltimore City Chamber of Commerce.

Verizon will use various advocacy organizations to provide the necessary third party certification of MWSDVBE firms (various federal and state certifications are also recognized). Examples of these organizations are:

- Association for Service Disabled Veterans
- National Minority Supplier Development Council (NMSDC)
- California Public Utilities Commission MWBE Clearing House
- U.S. Pan Asian American Chamber of Commerce (USPAACC)
- Women's Business Enterprise National Council (WBENC)
- United States Hispanic Chamber of Commerce

In addition, Verizon plans to attend Maryland Utility Forum meetings and actively participate in achieving the following or other future Maryland Utility Forum goals:

- Expand outreach to include a Maryland Utility Forum educational session that will focus on prequalification criteria, bid process and licensing/professional certification requirements.
- Collaborate on common pre-qualification and basic requirements used among the Maryland utilities.
- Continue to enhance the Maryland Utility Forum website to include information regarding procurement process, practices and prequalification requirements.

- Work with the MD PSC Staff to develop a fact sheet outlining the goals and objectives of the MD PSC MOU for distribution to the supplier community.

c. Subcontracting

Verizon is committed to continued expansion of its 2nd tier-subcontracting program in 2011.

Verizon will work with Prime Suppliers in such areas as logistics, fiber cable cutting, human resource, legal and other non-traditional services to encourage use of MWSDVBEs in areas related to such Prime Suppliers' core competencies. To encourage further Prime Supplier development of MWSDVBE suppliers in areas of low utilization, Verizon will accept, as part of its 2nd tier program, 3d tier expenditures that otherwise qualify as MWSDVBE spending with verification and validation of the suppliers' diverse status.

3. Short and Long Term Goals – see the following attachments:

- a. Attachment E-1 Short-Term
- b. Attachment E-2 Mid-Term
- c. Attachment E-3 Long Term

4. Plans for Recruiting Diverse Suppliers

Verizon will continue to use its Supplier Diversity communications program, with an emphasis on outreach to the supplier community, web-based tools to allow effective supplier access, and the development of best practices within the telecommunications industry. It will also take additional steps to meet our objectives for supplier diversity:

- Aggressively encourage MWSDVBE suppliers to achieve and maintain current certification and to enter and update their “profiles” on Verizon’s web-based registration database;
- Work with advocacy groups to develop more effective “trade fair” events, for example, encourage meetings between highly qualified MWSDVBES and Verizon sourcing process leaders to discuss both current opportunities and general Verizon requirements for the applicable product or service;
- Continue to establish realistic subcontracting goals through the use of Verizon’s standard subcontracting plan submission for review and approval by the Corporate Supplier Diversity group;
- Identify and pre-qualify diverse suppliers seeking to do business with Verizon;
- Through Verizon Supplier Diversity and Supply Chain Services (SCS) and major lines of business, review and analyze product service codes

identified as having an opportunity for increased utilization of MWSDVBEs, including where utilization of MWSDVBEs has either been low or qualified MWSDVBEs are currently unavailable;

- Augment Verizon’s efforts for opportunities to contract with Maryland diverse suppliers and participate in selected business forums to instruct potential suppliers on “How to do Business with Verizon” in order to help meet and increase forecasted goals;
- Participate in trade shows that target the diverse supplier community;
- Enhance Verizon’s communications program for MWSDVBEs in order to provide more information concerning opportunities, events, and Verizon requirements;
- Work within the telecommunications industry and the NMSDC Telecommunication Industry Group (TIG) to continue to develop best practices for developing sustainable supplier diversity growth.

5. Plans for Encouraging Prime Contractor Engagement

For major contracts, Verizon personnel from various internal groups normally comprise a “Cross Functional Team” (CFT) to execute RFPs, evaluate and select suppliers, and negotiate contracts. The team consists of a Sourcing Procurement Leader (SPL), an end-user group representative, a technical resource (if needed), and a representative from Verizon’s in-house Supplier Diversity organization.

The role of the Supplier Diversity organization representative on the CFT is to ensure that diverse suppliers are considered for prime contractor opportunities and that the prime contractors establish diverse subcontracting goals. In awarding contracts, Verizon commonly requires that a prospective first tier supplier provide a plan with a written commitment to use significant efforts to hire MWSDVBE firms. This written commitment becomes part of that contract. In particular, Verizon often includes in such contracts a diverse subcontracting clause that requires Prime Contractors to provide a plan for diverse supplier utilization and including, for suppliers from which Verizon makes significant purchases, percentage goals (e.g, a goal of 18%, with an annual goal increase in subsequent years of the contract).

Verizon then typically requires such prime suppliers to submit quarterly reports that track their adherence to this commitment. Failure to meet the commitment may be considered a contractual “default event,” giving Verizon the legal right to terminate the contract. Verizon has a second tier reporting program and tracking system that tracks the amount spent by Verizon’s prime contractors for products and services from diverse suppliers. As a matter of practice, when a prime supplier fails to meet its commitment, Verizon initially writes a letter to encourage the prime supplier to increase its use of diverse suppliers. Prime suppliers are asked to develop long term, sustainable changes in their supply chains to augment diverse subcontracting. This long-term approach has

contributed to a significant increase in opportunities for value-added reseller and subcontracting opportunities for MWSDVBEs.

To the extent, if any, that they may be shared in the context of PC16 and its working group, Verizon will also consider any suggestions on how to ensure that prime suppliers are paying their diverse subcontractors.

6. Plans for Continued MOU Compliance

Verizon will continue its active participation in the Maryland PSC corporate Working Group meetings with other Maryland companies and industries in an effort to increase awareness and further enhance the supplier diversity initiative.

Finally, the Company will submit the reports as outlined in the MOU, work to refine the reporting and goals calculated under the MOU to advance its purposes, and work with the PSC Staff to develop any appropriate guidelines under the MOU.

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

ATTACHMENT E-1								
UTILITY NAME:								
FOR THE REPORTING YEAR: 2010								
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	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
	%	%	%	%	\$	%	\$	%
2011	11%	¹ 11%	5%	>0%	64,800,000	27%	240,000,000 ²	27%
¹ Goal figures are rounded								
² As Verizon sets its goals based on past percentages rather than speculation of actual future spending in dollars, dollar								
spending projections use an estimate of total 2010 spending which is then applied to future percentage goals.								

