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February 14, 2012

Via Electronic Mail and Overnight Delivery

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

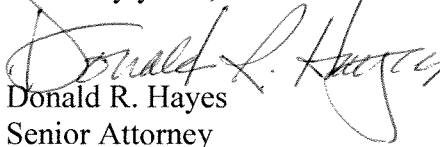
**Re: Washington Gas Light Company's Supplier Diversity Annual Plan for
Calendar Year 2012**

Dear Mr. Collins:

In accordance with Section 7 of the Memorandum of Understanding between Washington Gas Light Company and the Maryland Public Service Commission, dated February 6, 2009, as amended by Amendment No. 1 effective October 28, 2010, enclosed for filing are the original and 17 copies of Washington Gas Light Company's Supplier Diversity Annual Plan for Calendar Year 2012.

Thank you for your attention to this matter.

Sincerely yours,


Donald R. Hayes
Senior Attorney

Enclosures

cc: Obi Linton, Director – Office of External Relations
Janice M. Flynn, Assistant Staff Counsel



**Washington
Gas**

**Maryland
Public
Service
Commission**

February 14

2012



**Supplier
Diversity
Annual Plan
for the
Maryland
Public
Service
Commission**

WASHINGTON GAS LIGHT COMPANY
Annual Plan for Supplier Diversity Program
Calendar Year 2012

Washington Gas Light Company ("Washington Gas" or "Company") submits its Supplier Diversity Annual Plan for Calendar Year 2012 in accordance with Section 7 of the Memorandum of Understanding (MOU), dated February 6, 2009, between Washington Gas and the Maryland Public Service Commission ("Commission"), as modified by Amendment No. 1, effective October 28, 2010. The Company's Short-Term, Mid-Term and Long-Term Goals for Non-Gas and Gas Purchases are attached hereto as Attachments E-1, E-2 and E-3 for both Non-Gas and Gas Purchases, respectively. Also attached for comparison purposes is a summary of the Company's Short-Term, Mid-Term and Long-Term Goals for Non-Gas and Gas Purchases for Fiscal Year 2010 ("FY 2012") and Calendar Years 2011 and 2012. Finally, attached is WGL Holdings' Corporate Scorecard for FY 2012. The Scorecard is a set of operational and financial goals that provide the framework for measuring corporate performance. Although Supplier Diversity has long been one of Washington Gas' corporate goals, beginning FY 2011, it has been set out as a separate, stand-alone performance category.

I. Diverse Supplier Activities

Washington Gas' corporate policy serves to support diverse businesses. We seek and procure goods and services from a diverse set of vendors because it produces competition in the marketplace which provides value for our customers, the community and our investors. To maximize our efforts to enhance our Supplier Diversity Program, Washington Gas participates in the following internal and external activities.

A. Internal Programs

- Washington Gas includes a supplier diversity goal on the Company's Corporate Scorecard. Executives are responsible for results of their respective Business Units and these results are shared with the Board of Directors and employees.
- Washington Gas executives receive monthly diverse expenditure reports for all company departments. The report includes the percent of diverse spend with certified diverse suppliers, the supplier diversity departmental spend goal and the actual spend relative to the goal.
- Washington Gas' policy requires that reasonable efforts be made to ensure full and equitable opportunities for diverse businesses when procuring goods and services. Therefore, the inclusion of diverse vendors in our purchasing activity is essential. We will continue to communicate this policy throughout the Company.

- Washington Gas reduced the dollar amount of contracts from \$25,000 to \$10,000 that require three bids, and at least one of which must be by a diverse supplier for sourcing events.
- Washington Gas employees are provided with information and training to enhance their knowledge about the Supplier Diversity Program.
- Washington Gas Supplier Diversity staff works diligently to ensure that diverse suppliers are included in the bidding process. Supplier Diversity staff provide supplier referrals to the Contract Management team and offer resources in identifying qualified suppliers for sourcing needs.
- Washington Gas implemented a “Green Procurement Policy” that requires “green” alternatives to be considered when making purchases. In addition, sustainability practices of potential vendors are part of the RFP process.
- Washington Gas encourages the use of green products internally and supports diverse vendors that maintain and practice sustainability initiatives.
- Washington Gas has completed construction on a projected LEED Gold-certified office and industrial building, with anticipated occupancy in spring of 2012. Approximately 30% of the work on the building was performed by certified diverse suppliers.

B. External Activities

- In 2011, the Company’s advocacy efforts resulted in Washington Gas being named as the “Corporation of the Year” by the Maryland/District of Columbia Minority Supplier Development Council. We will continue to strive towards our supplier diversity goals through our work with support groups throughout the region.
- Washington Gas will continue to actively support and participate in outreach efforts designed to enhance our supplier diversity efforts and maximize our use of diverse contractors for our sourcing needs.
- Washington Gas seeks and participates in outreach venues that will allow the company to expand its diverse vendor resources and ultimately form beneficial partnerships. To this end, we will continue to be actively involved with advocacy groups such as the National Minority Supplier Development Council, the Maryland/District of Columbia Minority Supplier Development Council, the Virginia Minority Supplier Development Council, the Women’s Business Enterprise National Council, the Maryland Washington Minority Contractors Association and the Elite Service Disabled Veteran-Owned Business Network.

ORGANIZATION	PARTICIPATION
National Minority Supplier Development Council	Attend training conferences Attend Annual Business Meeting Serve on the Utility Committee Attend Annual Conference & Procurement Fair
Maryland/District of Columbia Minority Supplier Development Council	Serve on the Board of Directors Serve on Gala Committee Serve on Procurement Committee Attend events that promote supplier diversity Attend Awards Gala Attend Matchmaker workshops and events Attend and sponsor Procurement Fair Sponsor an outreach event Host exhibitor booths at various events
Virginia Minority Supplier Development Council	Serve on the Advisory Committee Attend Annual Business Opportunity Fair Sponsor Procurement Fair & Exhibitor Booth Attend workshops and networking event
Maryland Washington Minority Contractors Association	Attend Annual Awards event Provide Procurement Alerts Locate vendors for sourcing opportunities
Women's Business Enterprise National Council	Attend Annual Awards Event Sponsor matchmaker events Attend Networking Fairs Serve on Certification Committee Attend Planning meeting Locate vendors for sourcing opportunities
Elite Service Disabled Veteran Owned Business Network	Attend Annual Conference Explore outreach opportunities Locate vendors for sourcing opportunities
Washington Suburban Sanitation Commission	Attend Procurement Fair Use supplier database as a resource
Maryland Utility Supplier Diversity Forum	Serve as Vice President of the Forum Attend Meetings Host meetings
Governor's Office of Minority Affairs	Sponsor MBE University Serve on MBE Planning Committee

- Washington Gas will continue its involvement with various local Chambers of Commerce.
- Continuous development of business and community relationships is important to provide networking opportunities with diverse suppliers. (See below)

ORGANIZATION	PARTICIPATION
District of Columbia Chamber of Commerce	Board of Directors Various committees Annual Opportunity/Procurement Fair Women in Business Procurement Fair
Fairfax County Chamber of Commerce	Chairman-Board of Directors Corporate Member Various Committees
Arlington Chamber of Commerce	Corporate Member Various Committees
Greater Washington Board of Trade	Board of Directors Corporate Member Various Committees
Maryland Chamber of Commerce	Board of Directors Corporate Member Various Committees
Greater Washington Hispanic Chamber of Commerce	Corporate Member Annual Opportunity/Procurement Fair
Maryland/District of Columbia Utilities Association	Corporate Member Various Committees
Federal Small Business Technology Council, Inc.	Annual OSDBU Procurement Conference
Montgomery County Chamber of Commerce	Corporate Member Various Committees
Loudoun County Chamber of Commerce	Corporate Member Various Committees
Prince George's Chamber of Commerce	Board of Directors Corporate Member Various Committees
Prince William Regional Chamber of Commerce	Corporate Member Various Committees
National Association of Regulatory Utility Commissioners	Corporate Member
National Utilities Diversity Council, Inc. (NUDC)	Corporate Member
Virginia Chamber of Commerce	Corporate Member Various Committees

- Continue to educate diverse suppliers about programs, processes and expectations of doing business with Washington Gas.
- Continue to work with the Maryland Public Service Commission Working Group and the Maryland Utility Supplier Diversity Forum. These collaborative ventures

have been significant resources and provide insightful solutions to challenges that may develop as the company strives to reach its diversity goals.

II. Recruiting Diverse Suppliers for Underutilized Procurement Categories

The following plan for recruiting diverse suppliers for calendar year 2012 is submitted in compliance with the Memorandum of Understanding.

- Washington Gas will continue to ensure that all employees with contracting authority have access to the procurement and contracting policies by making them readily available on the Washington Gas Intranet.
- Continue to include diverse suppliers in all areas of procurement, especially in those areas where there has been little or no utilization in the past.
- Continue to encourage diverse suppliers in all areas of procurement, especially in those areas where there has been little or no utilization in the past, to register on-line through our newly implemented vendor registration portal on our supplier diversity website.
- Washington Gas will continue to work with diverse suppliers to assist them in the certification process.
- Washington Gas will continue to pursue and explore diverse financial institutions to augment the company's financial portfolio with diverse vendors.
- Supplier Diversity status considered and evaluated as part of the RFP process.
- Washington Gas will continue to monitor and augment our supplier diversity database.
- Washington Gas requires firms with greater than \$25K of spend with the Company to be certified by an approved third party certifying organization.
- Washington Gas will continue to participate in networking events throughout the Washington, DC metropolitan area to identify diverse suppliers that provide products and services required by the Company.
- Washington Gas will partner with our peers and continue to work with the Maryland Supplier Diversity Utility Forum to jointly explore solutions to challenges in securing diverse suppliers for sourcing needs. Washington Gas also will continue to support the Maryland Utility Forum in its new leadership role as Vice Chair of the organization.

- We will continue to seek and participate in outreach ventures targeted at diverse suppliers in procurement areas that may be underutilized.
- Through the Maryland Supplier Diversity Utility Forum as well as other advocacy groups, Washington Gas will develop and implement programs that will allow us to share diverse supplier contacts.

III. Subcontracting and Second Tier Purchasing

The following plan for encouraging prime contractors to engage in subcontracts in all categories which provide subcontracting opportunities for calendar year 2012 is submitted in compliance with the Memorandum of Understanding.

- Continue to consider diverse subcontracting in the bid evaluation process. All Requests for Proposals (“RFPs”) will include supplier diversity as part of the criteria for the evaluation and selection process.
- Educate prime contractors on reporting requirements and subcontracting opportunities with diverse suppliers.
- Continue to require prime contractors to report Tier 2 spend through our Tier 2 web based reporting system.
- Washington Gas will continue to audit Tier 2 reports submitted by prime contractors to insure that the dollars reported are actual dollars spent with diverse supplier subcontractors.
- Washington Gas will continue to monitor the Tier 2 web-based portal and if necessary, implement changes that will enhance the Company’s ability to secure data.
- Continue to monitor supplier diversity initiatives of prime contractors and if necessary, help them develop a plan that will enhance their diverse spend opportunities.
- Strictly enforce the requirements of contracts exceeding \$550,000 for purchases/contracts for products and services and construction contracts exceeding \$1,000,000 that support the Company’s commitment to supplier diversity.
- Washington Gas will continue to encourage prime contractors to use diverse subcontractors and submit annual reports with goals for supplier diversity programs. Failure to comply will have an impact on future sourcing activities.

IV. Plans for Complying with Diverse Supplier Program

- To ensure the supplier diversity initiatives are in compliance with the guidelines set forth in the Memorandum of Understanding, Washington Gas will continue to work with the Maryland Public Service Commission Working Group and the Maryland Supplier Diversity Utility Forum.
- Washington Gas will continue to work internally to promote policy that will foster growth in the supplier diversity program.
- Washington Gas will continue to work with the Maryland Supplier Diversity Utility Forum to develop programs and perform outreach that will help the company reach its supplier diversity spend goals.
- The company will continue to perform the functions outlined in its leadership role as Vice Chair of the Maryland Utility Forum.
- Washington Gas will continue to work with prime suppliers to assist them with their supplier diversity goals and to ensure they adhere to the supplier diversity provisions in their contracts.

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

ATTACHMENT E-1									
UTILITY NAME: Washington Gas - Gas Purchases									
FOR THE REPORTING YEAR: January - December 2012									
(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	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$)	PERCENTAGE (% OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT %)	
2012	6	4	1	0	\$ 32,399,400.00	11.00%	\$ 294,540,000	11.00%	
Due to the impact of weather and demand for purchasing natural gas, as well as price volatility, the forecasted dollars may vary over the term.									

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

ATTACHMENT E-2		Washington Gas - Gas Purchases		January - December 2012					
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	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$)	PERCENTAGE (%) OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT	
	%	%	%	%	\$	%	\$	%	
2014	7	4	1	0	46,200,000.00	12.00%	385,000,000	12.00%	

Due to the impact of weather and demand for purchasing natural gas, as well as price volatility, the forecasted dollars may vary over the term.

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

ATTACHMENT E-3									
UTILITY NAME: Washington Gas - Gas Purchases									
FOR THE REPORTING YEAR: January - December 2012									
(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	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$)	PERCENTAGE (% OF DIVERSE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT)	
	%	%	%	%	\$	%	\$	%	
2016	8	4	2	0	66,027,500.00	14.00%	471,625,000	14.00%	

Due to the impact of weather and demand for purchasing natural gas, as well as price volatility, the forecasted dollars may vary over the term.

**Washington Gas
Goals Submitted to MDPSC**

Non-Gas Purchases	MBE	WBE	SDV	Not for Profit	Total Diverse Goals
Submitted FY 2010					
Short-Term (2010)	8.00%	2.00%	1.00%	0.00%	11.00%
Mid-Term (2012)	8.50%	3.00%	1.50%	0.00%	13.00%
Long Term (2014)	8.40%	4.80%	1.80%	0.00%	15.00%
Submitted CY 2011					
Short Term (2011)	10.00%	2.00%	1.00%	0.00%	13.00%
Mid-Term (2013)	10.00%	3.50%	1.50%	0.00%	15.00%
Long Term (2015)	9.50%	5.50%	2.00%	0.00%	17.00%
Submitted CY 2012					
Short Term (2012)	9.50%	3.50%	1.00%	0.00%	14.00%
Mid Term (2014)	10.00%	4.50%	1.50%	0.00%	16.00%
Long Term (2016)	10.00%	6.00%	2.00%	0.00%	18.00%

Gas Purchases	MBE	WBE	SDV	Not for Profit	Total Diverse Goals
Submitted FY 2010					
Short-Term (2010)	7.00%	3.00%	0.00%	0.00%	10.00%
Mid-Term (2012)	8.00%	4.00%	0.00%	0.00%	12.00%
Long Term (2014)	8.40%	4.80%	1.80%	0.00%	15.00%
Submitted CY 2011					
Short Term (2011)	7.00%	4.00%	0.00%	0.00%	11.00%
Mid-Term (2013)	8.00%	4.00%	1.00%	0.00%	13.00%
Long Term (2015)	9.00%	5.00%	2.00%	0.00%	16.00%
Submitted CY 2012					
Short Term (2012)	6.00%	4.00%	1.00%	0.00%	11.00%
Mid Term (2014)	7.00%	4.00%	1.00%	0.00%	12.00%
Long Term (2016)	8.00%	4.00%	2.00%	0.00%	14.00%

Fiscal Year 2012 Targets	
Measurement	FY12 Target
Safe Delivery	
Employee Work Safety	≤ 1.84
System Safety / Pipeline Integrity	≥ 100%
Performance Improvement	
O&M/Customer	≤ Budget
Construction Unit Cost Attainment	≤ 100%
BPO Service Level Achievement	≥ 93%
BPO Budget Alignment	≤ 100%
Customer Value	
New Meter Additions	10,500
Customer Satisfaction	≥ 88%
Supplier Diversity	
Supplier Diversity	≥ 15%
Employer of Choice	
Employee Engagement	≥ 93%
Community Involvement	9,000
Reliable Supply	
System Reliability	≤ 70 outages / 100,000 meters
Financial Performance	
Utility ROE	10.0%**
Non-Utility Earnings	≥ 100%

**Adjustment pending rate conclusion.