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March 31, 2021

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1325 G Street N.W., Suite 800
Washington, DC 20005

Re: FC 1119 and MOU 2021

Dear Ms. Westbrook-Sedgwick:

Enclosed please find Potomac Electric Power Company's 2021 Diverse Supplier Plan pursuant to the Memorandum of Understanding with the Public Service Commission of the District of Columbia dated February 15, 2012 and in accordance with the Merger Commitment at Order No. 18148, Attachment B, p. 04, Item 021, in Formal Case No. 1119.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

/s/ Dennis P. Jamouneau

Dennis P. Jamouneau

Enclosure

cc: All Parties of Record



DC Public Service Commission 2021
SUPPLIER DIVERSITY ANNUAL PLAN
MARCH 31, 2021

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1.0 Introduction

The Memorandum of Understanding (MOU) between the Public Service Commission of the District of Columbia (“Commission”) and the Potomac Electric Power Company (“Memorandum”), dated February 15, 2012, sets forth a voluntary procedure for the utilities to develop a program and implement activities to maximize the participation of diverse suppliers in contracts for goods and services. The utility shall file its Annual Plan (“Plan”), as described in Section 7, with the Commission’s Secretary on March 31 each year following the beginning of its fiscal year.

This plan for the **Potomac Electric Power Company (Pepco, or the Company)** will be in effect from January 1, 2021, through December 31, 2021, and covers the Pepco region.

2.0 PROGRAM BACKGROUND

The Pepco Diverse Business Empowerment (DBE) program is a corporatewide initiative to expand competitive contracting opportunities for minority-, women-, service-disabled veteran-owned businesses, and not-for-profit entities promoting the interests of physically or mentally disabled individuals and District of Columbia Certified Business Enterprises (CBEs).

Tapping into the power of the region's diverse supplier base is an effective way to strengthen the Company, as well as fuel the community's economy. Pepco is proud of its successes to date and excited about future opportunities.

On an annual basis, Pepco uses historical information, as well as input from its finance department regarding projected spend, to reassess Company goals. Every effort is made to ensure that diverse suppliers have the maximum opportunity to conduct business with Pepco. As a result, Pepco's DBE process has developed reasonable yet aggressive goals to ensure that diversity certified suppliers are included in Pepco's procurement process. The Company seeks to:

- Identify diversity certified suppliers that offer high-quality, cost-competitive goods and services, and match them with the needs of the company.
- Become a recognized industry leader in diverse supplier inclusion as a natural part of our business culture.

3.0 PLAN MINIMUM REQUIREMENTS

Section 7.1 of the Memorandum requires the Plan to include the following elements:

1. Short-, Mid- and Long-Term goals set as required by Section 5, supra; (MOU § 7.1.1).

- Pepco's 2021 short-term goal is 38 percent diversity certified supplier spend as a percentage of total spend.¹ The CBE goal as a percentage of total spend is 25 percent.
- Pepco's 2022 projected mid-term goal is 39 percent diversity certified supplier spend as a percentage of total spend. The CBE goal as a percentage of total spend is 26 percent.
- Pepco's 2023 projected long-term goal is 40 percent diversity certified supplier spend as a percentage of total spend. The CBE goal as a percentage of total spend is 27 percent.
 - See Appendix C-1 Short-Term Goals
 - See Appendix C-2 Mid-Term Goals
 - See Appendix C-3 Long-Term Goals

2. A description of Pepco's Diverse Business Empowerment program activities both internal and external planned for the next calendar year is outlined below and attached (MOU § 7.1.2).

Pepco will continue internal and external outreach strategies to include diverse suppliers for competitive procurement opportunities. Pepco will focus on both the traditional utility goods and services and procurement areas, such as investment, legal, financial and other specialized professional services. Planned internal and external activities for calendar year 2021 include:

Internal Activities

- Implementing the 2021 Plan by meeting and communicating with business partners, growing spend with existing diverse suppliers, identifying new opportunities and aligning Pepco Diverse Business Empowerment goals to match the MOU goals.
- Meeting with executive and management levels of Pepco leadership to communicate the 2021 Strategic Plan objectives and report progress toward goals.

¹ Note: Pepco's 2021 diverse supplier spend target represents a utility-wide goal which includes spend with Veteran and LGBT suppliers, as well as indirect Tier 2 spend.

- Tracking Pepco's MOU goals and communicating areas of opportunity. Meeting with suppliers and making referrals to internal customers.
- Hosting focused DBE and CBE Forums and participating in the Capital Region Minority Supplier Development Council and Women Presidents' Educational Organization DC Region matchmaker events to discuss opportunities, upcoming projects and other pertinent utility plans.
- Ensuring that all diverse businesses are certified diverse businesses and that ownership has been verified by a third-party certifier.
- Ensuring businesses reported as CBEs are current in the DC Small and Local Business Development database.
- Identifying and providing diverse suppliers for inclusion in candidate bidder pools for procurement.
- Working closely with Supply management and the Diversity & Inclusion Council Supplier Diversity Sub Committee.
- Utilizing the Supply Newsletter, intranet and other internal communications vehicles to educate and inform employees on DBE programs and processes.
- Working with Supply Sourcing personnel to identify contract opportunities and improve subcontracting results, with attention paid to under-utilized categories.
- Continuing to improve processes and systems to more effectively capture diversity data.
- Ensuring prime suppliers understand and use the Pepco/Exelon online/internal Tier 2 reporting system to measure results and accountability.
- Providing training for new employees with procurement responsibility on how DBE is integrated into the sourcing process.

External Activities

- Participating in 2021 networking and educational conferences, forums, trade shows, workshops and panel discussions. A sample of government and business advocacy organizations supported by Pepco includes:
 - DC Department of Small and Local Business Development (DC DSLBD)
 - Capital Region Minority Supplier Development Council (CRMSDC)
 - Maryland Washington Minority Contractors Association (MWMCA)
 - Women Presidents' Educational Organization (WPEO)
 - Women's Business Enterprise National Council (WBENC)
 - Maryland Governors' Office of Small, Minority & Women Business Affairs (GOSMWBA)
 - President's RoundTable (PRT)
 - Elite Service Disabled Veterans Owned Business (Elite SDVOB)
 - Regional/Ethnic Chambers of Commerce

- Prince George's County Supplier Diversity and Development Department (PG SDDD)
 - Montgomery County Maryland Office of Procurement
 - The Edison Electric Institute (EEI)
 - Washington Interfaith Network (WIN)
- Continuing outreach efforts and collaboration with local and national advocacy organizations to expand the utilization of diverse suppliers.
 - Seeking ways to increase exposure and connections with more service-disabled, veteran-owned businesses.
 - Utilizing various approaches to expand assistance to diverse suppliers seeking to compete more successfully for new business.
 - Promoting Pepco's DBE programs and commitment to inclusion in contract opportunities.

3. Plans for recruiting Diverse Suppliers of products or services where Diverse Supplier utilization has been low, such as legal and financial services, and areas that are considered highly technical in nature (MOU § 7.1.3).

To increase diverse supplier opportunities in low-utilization categories in 2021, Pepco will:

- Continue to target high-potential diverse suppliers for opportunities in low-utilization categories, such as legal and financial services, transmission and substation construction, and engineering design services.
- Conduct meetings with top prime suppliers to increase their subcontracting performance.
- Invite Sourcing and key decision-makers to networking events and workshops with diverse suppliers.
- Encourage diverse suppliers to obtain certification through recognized third-party organizations.
- Build on successes in financial and investment services areas and seek to grow opportunities in other corporate services.
- Support, sponsor, plan and attend outreach events that offer opportunities to make and broaden relationships with diverse suppliers.

4. Plans for seeking and/or recruiting Diverse Suppliers of products or services where Diverse Suppliers are currently unavailable (MOU § 7.1.4).

To increase diverse supplier opportunities where diverse suppliers are currently limited, Pepco plans to engage in the following activities:

- Consult with representatives of other utilities and corporate supplier diversity programs to learn from their successful initiatives.
- Continue outreach to the DC DSLBD and the DC DSLBD Strategic Partnerships and Initiatives office for assistance in identifying potential suppliers.
- Maintain memberships and involvement with regional and national organizations that certify, network and advocate for diverse suppliers to maximize outreach to potential suppliers and supplier access to the company.

5. Plans for encouraging Prime Contractors to engage Diverse Suppliers in subcontracts in all categories which provide subcontracting opportunities (MOU § 7.1.5).

To increase subcontracting dollars for diverse suppliers in 2021, Pepco plans to:

- Conduct meetings with top prime suppliers with limited or no Tier 2 diverse spend to maximize diverse subcontracting opportunities.
- Encourage diverse subcontractors who are not currently certified to seek certification.
- Require non-diverse bidders to submit subcontracting plans in all requests for proposals (RFPs).
- Invite non-diverse prime contractors to attend networking/outreach events to help them identify potential subcontractors.
- Continue to provide monthly supplier spend reports to key departments and executive decision makers.
- Monitor diverse subcontracting commitments and performance.

CERTIFICATE OF SERVICE

I hereby certify that a copy of Potomac Electric Power Company's Annual Supplier Diversity Plan was served this March 31, 2021 on all parties in Formal Case No. 1119 by electronic mail.

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