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March 28, 2019

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 2017-M**

Dear Ms. Westbrook-Sedgwick:

Enclosed please find Potomac Electric Power Company's 2019 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,

A handwritten signature in black ink, appearing to read "D. Jamouneau", written over a horizontal line.

Dennis P. Jamouneau

Enclosure:

cc: All Parties of Record



**District of Columbia Public Service  
Commission 2019**

***SUPPLIER DIVERSITY ANNUAL PLAN***

**MARCH 28, 2019**



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An Exelon Company

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## **I. INTRODUCTION**

The Memorandum of Understanding (MOU) between the Public Service Commission of the District of Columbia (“Commission”) and the Regulated Utilities of the District of Columbia (“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 will be in effect from January 1, 2019 through December 31, 2019 and covers the Pepco region.

## **II. PROGRAM BACKGROUND**

The Pepco Diverse Business Empowerment (DBE) program is a corporate-wide 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 D.C. 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, and as a result Pepco has developed reasonable yet aggressive supplier diversity goals.

The goal of Pepco's DBE process is 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.

### **III. 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 2019 "short-term" goal is 30.00% diversity certified supplier spend as a percentage of total spend. The CBE goal as a percentage of total spend is 6%.
- Pepco's 2021 projected "mid-term" goal (3 years) is 32.00% diversity certified supplier spend as a percentage of total spend.
- Pepco's 2023 projected "long-term" goal is 34.00% diversity certified supplier spend as a percentage of total spend.
  - 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 2019 include:

##### **Internal Activities**

- Implement the 2019 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.
- Meet with executive and management levels of Pepco leadership to communicate the 2019 Strategic Plan objectives and report progress toward goals.
- Track both the Pepco goals and the MOU goals and communicate areas of opportunity. Meet with suppliers and make referrals to internal customers.
- Host focused DBE Forums and participate in the Capital Region Minority Supplier Development Council and Woman Presidents Education Organization DC Region

matchmaker events to discuss opportunities, upcoming projects, and other pertinent utility plans.

- Ensure that all diverse businesses are certified diverse businesses and that ownership has been verified by a third-party certifier.
- Ensure businesses reported as CBEs are current in the DC Small and Local Business Development database.
- Identify and provide diverse suppliers for inclusion in candidate bidder pools for procurement.
- Work closely with Supply management and the Diversity & Inclusion Council Supplier Diversity Committee.
- Utilize the Supply Newsletter, intranet, and other internal communications vehicles to educate and inform employees on DBE programs and process.
- Work with Supply personnel to identify contract opportunities and improve subcontracting results, with attention paid to underutilized categories.
- Continue to improve processes and systems to more effectively capture diversity data.
- Ensure prime suppliers understand and use the Pepco/Exelon online/internal Tier 2 reporting system to measure results and accountability.
- Provide training for new employees with procurement responsibility on how DBE is integrated into the sourcing process.

## **External Activities**

- Participate in 2019 networking and educational organizations 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 Business Enterprise National Council (WBENC);
  - Maryland Governors' Office of Small, Minority and Women Business Affairs (GOSMWBA);
  - President's Round Table (PRT);
  - Elite Service Disabled Veterans Owned Business (ESDVOB);
  - Regional/Ethnic Chambers of Commerce;
  - Prince George's County Supplier Diversity and Development Department (PG SDDD); and
  - Montgomery County Maryland Office of Procurement

- Continue outreach efforts and collaboration with local and national advocacy organizations to expand the utilization of diverse suppliers.
- Seek ways to increase exposure and connections with more Service Disabled Veteran Owned Businesses.
- Utilize various approaches to expand assistance to diverse suppliers seeking to compete more successfully for new business.
- Promote 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 2019, 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 District of Columbia Department of Small and Local Business Development ("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 2019, 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 decisionmakers.
- Monitor diverse subcontracting commitments and performance.

Supplier Diversity Annual Report of  
Short-Term Goals

Appendix C-1 Short Term Goals								
UTILITY NAME:		PEPCO						
FOR THE REPORTING YEAR:		2019						
(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
					$F=G*H$	$G=B+C+D+E$		$I=F/H$
2019	14%	14%	2%	%	\$196,800,000	30%	\$656,000,000	30%
					-			
YEAR	DC based CBE				(\$) TOTAL	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$)	PERCENTAGE (%) OF CBE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT
					$F=G*H$	$G=B$		$I=F/H$
2019	6%				\$39,360,000	6%	\$656,000,000	6%

Supplier Diversity Annual Report of  
Mid-Term Goals

Appendix C-2 Mid Term Goals								
UTILITY NAME:			PEPCO					
FOR THE REPORTING YEAR:			2021					
(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
					F=G*H	G=B+C+D+E		I=F/H
2021	15%	15%	2%	%	\$211,200,000	32%	\$660,000,000	32%
YEAR	DC based CBE				(\$) TOTAL	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$)	PERCENTAGE (%) OF CBE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT
					F=G*H	G=B		I=F/H
2021	7%				\$46,200,000	7%	\$660,000,000	7%

Supplier Diversity Annual Report of  
Long-Term Goals

Appendix C-3 Long Term Goals								
UTILITY NAME:			PEPCO					
FOR THE REPORTING YEAR:			2023					
(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
					F=G*H	G=B+C+D+E		I=F/H
2023	16%	16%	2%	%	\$227,800,000	34%	\$670,000,000	34%
YEAR	DC based CBE				(\$) TOTAL	(%) TOTAL BY SPEND	TOTAL UTILITY PROCUREMENT (\$)	PERCENTAGE (%) OF CBE SUPPLIER SPEND TO TOTAL UTILITY PROCUREMENT
					F=G*H	G=B		I=F/H
2023	7%				\$46,900,000	7%	\$670,000,000	%

## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of Potomac Electric Power Company's 2019 Diverse Supplier Plan pursuant to the Memorandum of Understanding was served this March 28, 2019 on all parties in Formal Case No. 1119 by electronic mail.

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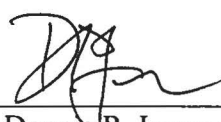
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