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PROJECT NO. 26715

Workforce and Supplier ()
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Contracting Diversity ()
 under ()
 ()
Substantive Rule 26.85 ()

In The
Public Utility Commission
Of Texas

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PUBLIC UTILITY COMMISSION
FILING CLERK

**ANNUAL PROGRESS REPORT OF WORKFORCE AND
SUPPLIER CONTRACTING DIVERSITY**

Southwest Texas Telephone Company hereby submits its Annual Progress Report pursuant to Substantive Rule 26.85. Southwest Texas Telephone Company (STTC) is an incumbent local exchange carrier located in Rocksprings, Texas. STTC employs 29 people and operates in and around the communities of Barksdale, Camp Wood, D'Hanis, Rocksprings, Utopia, and Vanderpool. The Workforce and Supplier Diversity Form is attached to and made a part hereof.

1. Illustration of Workforce Diversity

Pursuant to the requirements imposed by the Rural Utilities Service, STTC tracked the racial and ethnic make-up of residential subscribers for telephone service in STTC's certificated area through the year 2000. The last report, dated January 29, 2001, shows that STTC's residential customer base is 84% white and 16% Hispanic.

The ethnicity of STTC's current employees is 53% white and 47% Hispanic, indicating that the company has a far higher percentage of Hispanic employees than is the case in the area population. This percentage does not result from any concerted effort to increase diversity. STTC hires the most qualified people possible without regard to race or ethnicity, and the minority employees of STTC have their jobs because they were the most qualified applicants available at the time they applied.

2. Description of Specific Progress

(A) Specific Initiatives, Programs, and Activities.

STTC's policy is to hire the best-qualified people for entry level positions and to fill higher positions by promoting from within the company. Most training is done in-house but employees also attend outside seminars and schools.

Management vacancies are normally filled by promotion from within the company. Currently there are seven managers, two of whom (28.6%) are Hispanic, out of a general population that is about 17% Hispanic.

(B) Assessment of Success of Initiatives, Programs, and Activities

The above policies have contributed to a workforce that is qualified, motivated, productive, and diverse. The managers who happen to belong to an ethnic minority did not become managers because of any special program designed to promote minorities. They have received opportunities and promotions based on their own merit, effort and performance.

3. Explanation of Level of Contracting with HUBs and Small Businesses

Please see page 2 of the attached Workforce and Supplier Diversity Form, which shows the level of HUB and Small Business procurement. The level has increased again from the previous year. The company continues to contract with the best qualified suppliers and contractors, and that policy continues to result in increased HUB and Small Business procurement.

4. Extent Initiatives have been Carried Out


STTC has continually sought to do business with the most qualified vendors, and to seek out those vendors without reference to the race, ethnicity or gender of the owner. This initiative is carried out on a daily ongoing basis.

5. Initiatives, Programs and Activities for Next Year

STTC will continue its program of equal employment opportunity in order to continue hiring and promoting the most qualified applicants. The company will also continue to encourage wider participation from potential vendors.

The above Annual Report has been prepared and submitted by the undersigned pursuant to Section 52.256 of the Texas Public Utility Regulatory Act and PUC Substantive Rule 26.85.

Respectfully Submitted,



GARY C. GILMER, President
Southwest Texas Telephone Company

WORKFORCE AND SUPPLIER DIVERSITY FORM

NUMBER OF TEXAS FULL-TIME EMPLOYEES FOR REPORTING YEAR														
Occupational Categories	Combined Total	Company Totals		Caucasian		African American		Hispanic		Asian		American Indian		
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Officials and Managers	8	7	1	6	0			1	1					
Professionals														
Technicians	7	7		3				4						
Sales Workers														
Office and Clerical	8		8		4				4					
Craft Workers (Skilled)	7	7		3				4						
Operatives (Semi-skilled)														
Laborers (Unskilled)														
Service Workers														
Previous Year Totals														
Year Totals	29	20	9	12	5			8	4					
	30	21	9	12	4			9	5					
2002														

2002

WORKFORCE AND SUPPLIER DIVERSITY FORM

Actual = [Total HUB(6) procurement + Total Small Business procurement]/Total Company procurement		Actual for Previous FY	Actual for Current FY	Percentage change
Construction Contracts (1)		23,984		n/a
Commodities Contracts (2)		5,177	16,391	317%
Other Services (3)		6,779	25,686	379%
Professional Services Contracts (4)				
Major Equipment (5)		101,927		n/a
Other				

(1) **Construction** -- Construction done by general contractors and special trade contractors which includes new work, additions, alterations, reconstruction, installations, repairs, remodeling, renovating, and repair of office buildings. Heavy construction other than buildings such as pipelines, communication and power lines, sewer and water mains, asphalt and concrete construction of roads, trenching, cable laying, conduit construction, land clearing and leveling.

(2) **Commodities** -- All materials, goods or tangibles purchased to conduct business, not including fuel or purchased power contracts and major equipment purchases and rentals.

(3) **Others Services** -- All specialty work, special circumstances that required contract labor, special consultants or other non-defined services. Examples include audio/visual, staffing services, landscaping, forestry, tree trimming, art and decorative services, janitorial, travel/lodging, automotive repair, and photography.

(4) **Professional Services** -- Contracted professional services which include legal, consulting, health, engineering, accounting, advertising/marketing, architectural, real estate, computer services, research and analysis, education/training, insurance, surveying services, weather services, environmental, financial, etc.

(5) **Major Equipment** -- Includes all major equipment purchases and rentals including but not limited to transmission and distribution equipment, power plant equipment, substation equipment, heavy construction equipment, fleet requirements, etc.

(6) **HUB** -- Business enterprises that are 51% owned and controlled by U.S. citizens who are socially disadvantaged because of their identification as members of certain groups, including African-American, Hispanic, Native American, or Asian Pacific and Women as defined in the Texas Government Code § 481.101(1).

(7) **Other** -- Any commodity or service not covered by the above categories.