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PUBLIC UTILITY COMMISSION
FILING CLERK

December 20, 2002

Ms. Cathy Hightower
Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
Austin, Texas 78701

RE: Project No. 26715 – XIT Rural Telephone Cooperative, Inc.'s Annual Progress
Report on Five Year Plan to Enhance Supplier and Workforce Diversity

Dear Ms. Hightower:

Pursuant to the requirements of Substantive Rule §26.85, XIT Rural Telephone Cooperative, Inc. is filing an original and four (4) copies of the attached Workforce and Supplier Diversity form. XIT Rural Telephone Cooperative, Inc. serves approximately 1,320 access lines in Texas.

If you have any questions pertaining to this filing, please call me at 512-343-2544.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jarrod Harper".

Jarrod Harper
Authorized Representative for
XIT Rural Telephone Cooperative, Inc.

JH/cn

Enclosure

cc: Mr. Jimmy White, XIT Rural Telephone Cooperative, Inc.
The Honorable Rick Perry, Governor's Office
The Honorable Bill Ratliff, Lt. Governor's Office
The Honorable Pete Laney, Speaker's Office
The Texas Legislative Black Caucus
Senate Legislative Black Caucus
Mexican American Legislative Caucus
Texas Senate Hispanic Caucus

WORKFORCE AND SUPPLIER DIVERSITY FORM
XIT Rural Telephone Cooperative, Inc.

Occupational Categories	NUMBER OF TEXAS FULL-TIME EMPLOYEES FOR REPORTING YEAR 2002													
	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	6	2	6	2									
Professionals	1		1		1									
Technicians	23	23		19				3		1				
Sales Workers	4	1	3	1	3									
Office and Clerical	23		23		21		1	1						
Craft Workers (Skilled)														
Operatives (Semi-skilled)														
Laborers (Unskilled)	2	2		2										
Service Workers														
Previous Year Totals	60	31	29	28	27	0	1	2	1	1	0	0	0	
Year Totals	61	32	29	28	27	0	1	3	1	1	0	0	0	

WORKFORCE AND SUPPLIER DIVERSITY FORM
XIT Rural Telephone Cooperative, Inc.

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)				
Commodities Contracts (2)				
Other Services (3)		0.00%	0.00%	0
Professional Services Contracts (4)		0.92%	1.32%	.40
Major Equipment (5)		0.15%	13.01%	12.86
Other		0.05%	85.67%	85.62

(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.

WORKFORCE AND SUPPLIER DIVERSITY FORM
XIT Rural Telephone Cooperative, Inc.

Describe the specific initiatives, programs, and activities undertaken under the plan during the preceding year:

XIT Rural Telephone Cooperative, Inc. ("XIT" or "Cooperative") maintains a commitment to employ a diverse workforce with emphasis placed on recruiting, training and employing individuals with the education and skill-sets needed from within the local community.

XIT Rural Telephone Cooperative, Inc. strives to utilize historically underutilized businesses (HUBs) for the procurement of goods and services, especially when the HUB is affiliated or located within its local or surrounding communities. The Cooperative strives to stay abreast of the availability of certain products, services and businesses that qualify under the HUB definition through community resource participation and involvement and through use of the state's HUB directory. The Cooperative also aims to utilize small businesses other than those defined as HUBs in the procurement of goods and services. With the Cooperative's emphasis on utilizing and promoting local or surrounding area business economic growth, XIT plans to continue its involvement in local, county and state organizations that promote the use of small businesses.

Make an assessment of the success of each of the specific initiatives, programs, and activities listed above:

During 2002, XIT was successful in increasing the diversity of its workforce and increased employment by one Hispanic male.

When a cooperative is located in a small community a common procedure is to utilize all local HUBs and small businesses for all contracting needs whenever possible.

XIT's HUB and small business contractor percentages are very sensitive to actual work performed. In 2002, XIT has been able to report a noticeable increase in this area over 2001.

Describe the initiatives, programs, and activities the utility will pursue during the next year to increase the diversity of its workforce and contracting opportunities for small and historically underutilized businesses:

The Cooperative plans to continue to employ a diverse workforce emphasizing local community employment. XIT plans to continue to do business with local HUBs and small businesses and recruit from the qualified local applicant pool as job openings arise, within the constraint of the Cooperative's low turnover rate.

The Cooperative intends to maintain the focus on diversity and commitment to local hiring and contracting that it has always held as an objective.

WORKFORCE AND SUPPLIER DIVERSITY FORM
XIT Rural Telephone Cooperative, Inc.

State the specific progress made under the plan filed by the utility:

The Cooperative has had moderate success in increasing workforce diversity and in year 2002 by adding one Hispanic male employee.

XIT continued to utilize all local (HUBs) and small businesses to the extent possible to meet contracting and procurement needs in 2002.