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PUBLIC UTILITY COMMISSION
FILING CLERK

File No. 2020514

January 21, 2004

Sent via UPS Next Day Air

Public Utility Commission of Texas
Attention: Filing Clerk
1701 North Congress Avenue
Austin, TX 78701

Re: Consolidated Supplier Diversity Report on behalf of Birch Telecom of Texas Ltd., L.L.P. and Ionex Communications South, Inc., Docket No. 28690

Ladies and Gentlemen:

Enclosed for filing is the Consolidated Supplier Diversity Report on behalf of Birch Telecom of Texas Ltd., L.L.P. and Ionex Communications South, Inc., for the period October 1, 2002, through September 30, 2003, which is being filed pursuant to Substantive Rule §26.80.

If there are any questions or concerns regarding this report, please contact the undersigned.

Thank you.

Yours very truly,

Barbara P. Fillinger
Sr. Manager, Regulatory Compliance

Enclosure

**ANNUAL PROGRESS REPORT ON FIVE-YEAR PLAN TO
ENHANCE SUPPLIER DIVERSITY**

Filed Pursuant to Substantive Rule §26.80

For the Period October 1, 2002, through September 30, 2003

By

BIRCH TELECOM OF TEXAS LTD., L.L.P.

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)		not applicable	see Note below	not applicable
Commodities Contracts (2)		not applicable	see Note below	not applicable
Other Services (3)		not applicable	see Note below	not applicable
Professional Services Contracts (4)		not applicable	see Note below	not applicable
Major Equipment (5)		not applicable	see Note below	not applicable
Other		not applicable	see Note below	not applicable

Note: Due to a continued lack of resources, Birch has not had the opportunity to develop and implement a formal Diverse Supplier Program designed specifically to source, develop and utilize HUBs or SDBs. However, when purchasing goods and services, Birch does make an effort to utilize Diverse Suppliers that can provide goods and services of high quality. Please see the attached report which includes both Texas and non-Texas data. Birch's system is not well enough developed to break down the numbers between Texas and non-Texas expenditures.

(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.

SUPPLIER DIVERSITY FORM

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

Due to a continued lack of resources, Birch has not had the opportunity to develop and implement a formal Diverse Supplier Program designed specifically to source, develop and utilize HUBs or SDBs. However, when purchasing goods and services, Birch does make an effort to utilize Diverse Suppliers that can provide goods and services of high quality. Please see the attached report which includes both Texas and non-Texas data. Birch's system is not well enough developed to break down the numbers between Texas and non-Texas expenditures.

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

For the reasons stated above, while there have likely been increases in expenditures, the data cannot yet be broken down to demonstrate that.

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:

Birch still hopes to modify its accounting software which will assist in tracking small and HUB businesses, enabling Birch to better track and report the amount of dollars that are paid to small and historically underutilized businesses.

After modifications, Birch will be better able to track its use of small or HUB businesses as defined in the Texas Government Code § 481.191(4) and (6), respectively, and will be in a better position to make needed adjustments in its procurement activities going forward.

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

For the reasons stated above, it is not possible to report any specific progress made.

SMALL UTILITIES HUB USE REPORT (purchases outside Texas)
Utility: Birch Telecom of Texas Ltd., L.L.P. and Ionex Communications South, Inc.

MBE Procurement	Construction		Commodities		Other Services		Professional		Major Equipment		Other		Total HUB	
	Expenditures		Expenditures		Expenditures		Expenditures		Expenditures		Expenditures		Expenditures	
African American Male	0	0	0	0	8,460	0	0	0	140,314	0	322,959	0	471,733	0
Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	8,460	0	0	0	140,314	0	322,959	0	471,733	0
Asian American Male	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	538,474	0	0	0	0	0	538,474	0
Total	0	0	0	0	0	0	538,474	0	0	0	0	0	538,474	0
Hispanic American Male	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Native American Male	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Woman Owned Male	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	678,573	0	0	0	0	0	678,573	0
Total	0	0	0	0	0	0	678,573	0	0	0	0	0	678,573	0
WBE Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total MBE & WBE Procurement	0	0	0	0	0	0	1,688,780	0	0	0	0	0	1,688,780	0
Total Unknown Status Procurement (1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Fuel Procurement (2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Utility Purchases														0
Total Non-Fuel, Fuel; and Purchased Power Procurement														0

Note: Includes both Texas and non-Texas data. Birch's system is not well enough developed to break down the numbers between Texas and non-Texas expenditures.

Total Fuel and Purchased Power Procurement (electric only)

Total Non-Fuel, Fuel; and Purchased Power Procurement

(1) Vendors for whom HUB status is not directly known.

(2) Expenditures for goods and services from vendors not including wages, benefits, and other non-negotiable goods and services such as taxes and postage. Includes MBE/WBE and Unknown Procurement.

Reporting Period: Oct. 1, 2002 through Sep. 30, 2003	Reporting Date: January 21, 2004	State: MO Zip: 64108
Address: 2020 Baltimore Avenue	Contact person: Barbara Fillingher	Phone: 816-300-3290 Fax: 816-300-3290
City: Kansas City		

To be filed by a utility which has more than 1,000 customers in a state other than Texas, or which purchases more than 10% of its goods and services from vendors not located in Texas