



Control Number: 28691



Item Number: 165

Addendum StartPage: 0



**SOUTHWEST TEXAS
TELEPHONE COMPANY**

P.O. BOX 128

ROCKSPRINGS, TEXAS 78880

Telephone (830) 683-2111 FAX (830) 683-4190

SOUTHWEST TEXAS TELEPHONE COMPANY PUBLIC UTILITY COMMISSION
Filing Clerk
Founded 1898

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December 29, 2003

Public Utility Commission of Texas
Filing Clerk
1700 N. Congress Avenue
Austin, TX 78701

28691

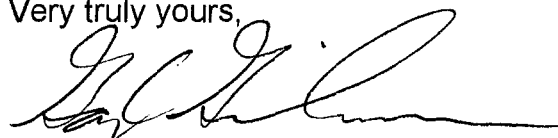
Re: Annual Progress Report of Workforce and
Supplier Contracting Diversity for Southwest
Texas Telephone Company

Dear Sir/Madam:

Pursuant to Substantive Rule 26.85(e), enclosed for filing are four (4)) copies of the Annual Progress Report of Workforce and Supplier Contracting Diversity.

We are also sending copies to: (1) the Governor; (2) the Presiding Officer of the Senate; (3) the Speaker of the House; (4) the Chair of the Texas Senate Hispanic Caucus; (5) & (6) the Co-Chairs of the Texas Senate Black Caucus; (7) the Chair of the Mexican-American Caucus; and, (8) the Chair of the House Black Caucus.

Very truly yours,



GARY C. GILMER
President

XC: To Above Listed Officials

PROJECT NO. _____

Workforce and Supplier	()	In The
	()	
Contracting Diversity	()	
under	()	Public Utility Commission
	()	
Substantive Rule 26.85	()	Of Texas

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 formerly 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 52% white and 48% 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

The level of contracting with HUBs and small businesses continues to reflect STTC's commitment to providing business opportunities to all qualified vendors of goods and services.

4. Extent Initiatives have been Carried Out

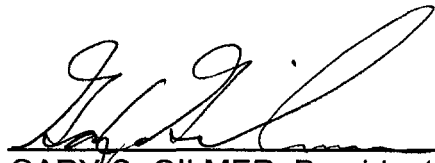
STTC has continually sought to do business with the most qualified vendors, and to seek out those vendors without reference to the race, ethnicity or gender of the owner. This initiative is carried out on a daily ongoing basis.

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. STTC will also continue to make opportunities available for historically underutilized businesses and small businesses to sell goods and services to the company.

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

[illegible]

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)				100%	91.75%	-8.25%
Commodities Contracts (2)				22.5%	34.70%	+12.2%
Other Services (3)				18.3%	13.31%	-4.99%
Professional Services Contracts (4)				31.5%	25.17%	-6.33%
Major Equipment (5)				0%	33.52%	+33.52%
Other				0%	1.22%	+1.22%

(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.

MBE Procurement	Construction Expenditures	Commodities Expenditures	Other Services Expenditures	Professional Expenditures	Major Equipment Expenditures	Other Expenditures	Total HUB Expenditures
African American Male	0	0	0	0	0	0	0
African American Female	0	0	0	0	0	0	0
Total African American	0	0	0	0	0	0	0
Asian American Male	0	3680	0	0	0	0	3680
Asian American Female	0	930	0	0	0	0	930
Total Asian American	0	4610	0	0	0	0	4610
Hispanic American Male	9500	2330	5000	0	0	0	14830
Hispanic American Female	0	8270	9,0200	0	0	0	9,8470
Total Hispanic American	9500	10600	9,5200	0	0	0	11,5300
Native American Male	0	19250	0	0	0	0	19250
Native American Female	0	18,3510	5210	0	0	0	18,8720
Total Native American	0	20,2760	5210	0	0	0	20,7970
MBE Total	9500	1,5210	9,5200	0	0	0	11,9910
WBE Total	0	20,2760	5210	0	0	0	20,7970
Total MBE & WBE Procurement	9500	21,7970	10,0410	0	0	0	32,7880
Total Unknown Status Procurement (1)	0	0	0	0	0	0	0
Total Non-Fuel Procurement (2)	0	0	0	0	0	0	0
Total Fuel and Purchased Power Procurement (electric only)							0
Total Non-Fuel, Fuel, and Purchased Power Procurement							0

(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, 02 through Sep. 30, 03
 Address: P.O. Box 128
 City: Rocksprings

Reporting Date:
 Contact person: Rachel Gallegos State: TX Zip: 78880
 Phone: Fax:
 (830) 683-2111