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PUBLIC UTILITY COMMISSION
FILING CLERK

December 26, 2003

Ms. Cathy Hightower, Filing Clerk
Public Utility Commission of Texas
1700 N. Congress Avenue
Austin, Texas 78701

Re: Project No. 28691 – Annual Progress Reports on Five-Year Plan to Enhance Supplier and Workforce Diversity

Dear Ms. Hightower:

On behalf of Dell Telephone Cooperative, Inc. (Dell or Cooperative) and pursuant to P.U.C. SUBST. R. 26.85(e), enclosed for filing in the above-referenced project are four (4) copies of the Annual Progress Report on the Five-Year Plan to Enhance Supplier and Workforce Diversity.

Consistent with §26.85(e), copies of this report are also being provided to: (1) Governor; (2) Lieutenant Governor; (3) Speaker of the House; (4) Texas Legislative Black Caucus; and (5) Mexican-American Legislative Caucus.

Any questions may be directed to me at (830) 895-7236.

Sincerely,

Michael F. Rinehart
Authorized Representative for
Dell Telephone Cooperative, Inc.

cc w/ attachment The Honorable Rick Perry The Honorable David Dewhurst
 The Honorable Tom Craddick Texas Legislative Black Caucus
 Mexican-American Legislative Caucus
 Dell Telephone Cooperative, Inc.

WORKFORCE AND SUPPLIER DIVERSITY FORM

Occupational Categories	NUMBER OF TEXAS FULL-TIME EMPLOYEES FOR REPORTING YEAR													
	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	4	2	2	2	2									
Professionals														
Technicians	9	9	4			5								
Sales Workers														
Office and Clerical	6	6	5			1								
Craft Workers (Skilled)														
Operatives (Semi-skilled)														
Laborers (Unskilled)														
Service Workers	1	1				1								
Previous Year Totals	21	11	10	6	8	5	2							
Year Totals	20	11	9	6	7	5	2							

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)	18.6%	0.5%	-97.3%
Commodities Contracts (2)	1.5%	2.7%	80%
Other Services (3)	-0-	1.2%	100%
Professional Services Contracts (4)	.4%	0.2%	-50%
Major Equipment (5)	-0-	-0-	-0-
Other	1.2%	3.4%	183%

(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.

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

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

Dell strives to utilize 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 strives to communicate to the HUB-community the opportunities for doing business with Dell. This initiative will continue to be promoted by local participation and communication with organizations that HUBs belong to, as well as posting of applicable information for HUBs that are independently investigating products or contract opportunities.

Dell also intends to utilize small businesses other than those defined as HUBs in the procurement of goods and services. With emphasis on utilizing and promoting local or surrounding area business economic growth, Dell plans to continue its involvement in local, county and state organizations that promote the use of small businesses.

Listed below are Dell's specific programs and activities to achieve the initiatives stated above, and the progress of each during 2003.

1. Identify local organizations with minority membership emphasis and communicate through these organizations employment opportunities with the Cooperative.
 - a. Dell was unable to identify any local organizations with minority membership emphasis during 2003, but will continue with its effort to do so in the future.
2. Identify local organizations with female membership emphasis and communicate through these organizations employment opportunities with the Cooperative.
 - a. Dell was unable to identify any local organizations with female membership emphasis during 2003, but will continue with its effort to do so in the future.
3. Identify local educational institutions, and communicate through the educational employment outreach programs for employment opportunities available for minority and female students. Attempt to work with educational institutions to establish a work-for-credit intern program. These types of programs may be established through the local high school and community or surrounding area colleges.
 - a. Dell was unable to identify any local educational institutions with employment outreach programs during 2003, but will continue with its effort to do so in the future.

Describe the specific initiatives, programs, and activities undertaken under the plan during the preceding year: (Cont'd)

4. Offer available work-related training to employees.
 - a. Dell utilized industry provided technical and commercial training for employees during 2003.
5. Offer available advancement opportunities to employees.
 - a. Dell 's total employment remained the same during 2003. One employee that lives and works in New Mexico was included in last years report in error. This years report reflects only Dell's Texas employment.
 - b. The Cooperative is committed to employ a diverse workforce and the placement of personnel based on highest qualifications.

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

Because Dell is a small and rural ILEC, it has minimum impact on local and Texas employment and supplier markets. The attached Workforce and Supplier Diversity Form outlines Dell's procurement amounts expended with businesses meeting the definition or certified by the State of Texas as historically underutilized businesses ("HUB"), and businesses that are non-HUB businesses but meet the definition of small businesses as defined in the Texas Government Code. In addition, this report indicates the percentage change in procurements for the previous and current years.

Although Dell was unable to identify any local organizations with minority business membership emphasis. When possible, Dell contracts with local business to provide necessary products and services, and based on procurement availability in the serving area and neighboring communities. At this time, Dell is not engaged in any business partnerships or joint ventures. Initiatives in this area will be taken under consideration by the management and Board of Directors. If no conflict with current Cooperative policy or by-law provisions exists, Dell may seek to incorporate this issue into its business plan.

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 management and employees of Dell will continue to seek opportunities to make progress in the areas of diversifying the workforce and utilizing the products and services of small and historically underutilized businesses. However, our commitment to employing and purchasing within the communities we serve when and where possible far outweighs attempting to achieve an improved statistical number. As a small, rural telephone cooperative, we have and must recognize a fiduciary duty and responsibility to our members to make good, sound economic policy decisions as well as our community responsibility to purchase goods and services within our own communities when possible. By the very nature of the service area we serve, we are sometimes limited in the local availability of certain telecommunications equipment and products and must go outside our communities for these mandatory purchases. Dell, whenever possible, contracts with local businesses to provide the goods and services that are available in the Cooperative's serving area and neighboring communities.

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

Dell is a small and rural cooperative that has used its modest procurements to benefit small business and the community. Dell has made progress in the area of workforce diversity and utilization of HUBs and Small Business. It is difficult to assess these objectives since employment is stable and contracting opportunity is limited. Dell has implemented business practices to communicate the diversity plan to minorities and females, as well as HUBs and Small Business, regarding employment and contract opportunities.

The Cooperative is not currently planning to increase Texas personnel.