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December 27, 2004

Filing Clerk  
Public Utility Commission of Texas  
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Austin, TX 78711

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Subject: Project No. 30240 – Annual Progress Report on Five-Year Plan to Enhance Supplier and Workforce Diversity for Covad Communication Company

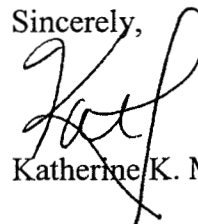
Dear Filing Clerk:

Enclosed for filing are four (4) copies of the Annual Progress Report on the implementation of the Five-Year Plan to Enhance Supplier and Workforce Diversity for Covad Communication Company.

Consistent with the requirements of these rules, copies of this report are also being provided to the Governor, Lieutenant Governor, Speaker of the House and the respective Chairmen of the Senate Hispanic Caucus, House Mexican-American Legislative Caucus, and the House Legislative Black Caucus.

If you have questions pertaining to this report, contact me at (512) 322-9044.

Sincerely,



Katherine K. Mudge

cc: The Honorable Rick Perry (w/attachment)  
The Honorable David Dewhurst (w/ attachment)  
The Honorable Tom Craddick (w/attachment)  
The Honorable Juan "Chuy" Hinojosa (w/attachment)  
The Honorable Garnet Coleman (w/attachment)  
The Honorable Pete P. Gallego (w/attachment)

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# WORKFORCE AND SUPPLIER DIVERSITY FORM WORKFORCE DIVERSITY

COVAD COMMUNICATION COMPANY'S  
2004 REPORT

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	5	4	1	3	1	1	0	0	0	0	0	0	0	
Professionals	4	2	2	2	2	0	0	0	0	0	0	0	0	
Technicians	31	30	1	24	1	4	0	1	0	1	0	0	0	
Sales Workers	9	5	4	4	4	0	0	1	0	0	0	0	0	
Office and Clerical	0	0	0	0	0	0	0	0	0	0	0	0	0	
Craft Workers (Skilled)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Operatives (Semi-skilled)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Laborers (Unskilled)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	
Previous Year Totals	25	21	4	16	4	3	0	1	0	1	0	0	0	
This Year Totals	49	41	8	33	8	5	0	2	0	1	0	0	0	

NOTE: Double-click on embedded Excel chart to open. Click on a cell or use arrow keys to select an occupational category and ethnic group to update workforce diversity numbers. Do not enter information in Combined Total and Company Totals columns or the This Year Totals row as these will update automatically. Cells left blank will be counted as zero. Click anywhere outside of chart to exit.

# WORKFORCE AND SUPPLIER DIVERSITY FORM HUB & SMALL BUSINESS PROCUREMENT AS A PERCENTAGE OF TOTAL COMPANY PROCUREMENT

COVAD COMMUNICATION COMPANY'S  
2004 REPORT

Actual % = [Total HUB(1) procurement + Total Small Business(2) procurement]/Total Company procurement		Actual % for Previous FY	Actual % for Current FY	Percentage Change
Construction Contracts (3)				%
Commodities Contracts (4)				%
Other Services (5)		0.0050%	0.0300%	500.00%
Professional Services Contracts (6)		0.1600%	0.2000%	25.00%
Major Equipment (7)				%
Other (8)				%

(1) **HUB** -- Pursuant to Texas Government Code § 481.191(4), HUB means: (A) a corporation formed for the purpose of making a profit in which at least 51 percent of all classes of the shares of stock or other equitable securities is owned by one or more persons who are members of certain groups, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians; (B) a sole proprietorship formed for the purpose of making a profit that is 100 percent owned, operated, and controlled by a person described by Paragraph (A) of this subdivision; (C) a partnership formed for the purpose of making a profit in which 51 percent of the assets and interest in the partnership is owned by one or more persons described by Paragraph (A) of this subdivision. Those persons must have proportionate interest and demonstrate active participation in the control, operation, and management of the partnership's affairs; or (D) a joint venture in which each entity in the joint venture is a historically underutilized business under this subdivision.

(2) **Small Business** -- Pursuant to Texas Government Code § 481.191(6), Small Business means a corporation, partnership, sole proprietorship, or other legal entity that: (A) is domiciled in this state; (B) is formed to make a profit; (C) is independently owned and operated; and (D) employs fewer than 100 full-time employees.

(3) **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.

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

(5) **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.

(6) **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.

(7) **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.

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

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

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**(1) Describe the specific initiatives, programs, and activities undertaken under the plan during the preceding year:**

1. Completed an EEO audit and developed a reporting system which measures the effectiveness of the Company's WP and determines whether the Company's goals and objectives have been attained.
2. Conducted EEO/AA training and orientation of the Company's supervisors and managers to inform them of their responsibilities pursuant to the WP.
3. Keep management and human resources informed of latest developments in the entire EEO area.
4. Utilized job boards specializing in minority candidates, including:
  - Careerbuilders.com
  - Monster.com
  - Hotjobs.com
  - Ivillage.com
  - Hispaniconline.com
  - Blackenterprise.com
  - Hire.diversity.com
  - Blackvoices.com
5. Encouraged minority and women employees to refer friends to the Company for potential employment.

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

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

1. Nationwide, Covad has a diverse workforce and has negligible underutilization in just a few categories of employees. The audit resulted in policy and practice changes that we look forward to having a continued positive impact on hiring and maintaining a diverse workforce.
2. Training and orientation has been successful in maintaining a diverse workforce.
3. Keeping management informed of the latest developments in the EEO has assisted in maintaining a diverse workforce.
4. Utilizing job boards and encouraging minority and women employees to refer applicants has helped to continue to hire women and minorities.

**(3) 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:**

1. Identify local organizations with minority business and with female-owned business membership emphasis and participate or communicate through these organizations business opportunities.
2. Identify HUBs by using such resources as the National Minority Supplier Development Council and Diversity Information Resources and communicate business opportunities.

## **WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES**

COVAD COMMUNICATION COMPANY'S  
2004 REPORT

3. Post contracting opportunities with local media and on our website.
4. Identify local organizations with small business membership emphasis and participate or communicate business opportunities available.
5. Develop a system to and collect more up to date and accurate information about our contracts and vendors in Texas for tracking purposes.

**(4) State the specific progress made under the plan filed by the utility:**

Nationwide, Covad has and has maintained a diverse workforce. Covad has several minorities and women in key senior management position and their visibility has increased our candidate flow.