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PUBLIC UTILITY COMMISSION
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GVNW CONSULTING, INC.

1001 WATER STREET, STE. A-100
KERRVILLE, TX 78028
TEL 830.896.5200
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December 28, 2004

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

Re: Project No. 30240 – Annual Progress Reports on Five-Year Plan to Enhance Supplier
and Workforce Diversity

Dear Filing Clerk:

On behalf of Ganado Telephone Company, Inc. and pursuant to P.U.C. SUBST. R. 26.85(e),
enclosed for filing in the above-referenced project is an original and three (3) 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) 895-7223.

Sincerely,

James A. Miller
Authorized Representative for
Ganado Telephone Company, Inc.

cc w/ attachment

The Honorable Rick Perry
The Honorable Tom Craddick
Mexican-American Legislative Caucus
Ganado Telephone Company, Inc.

The Honorable David Dewhurst
Texas Legislative Black Caucus

WORKFORCE AND SUPPLIER DIVERSITY FORM
WORKFORCE DIVERSITY
Ganado Telephone Company, Inc.
Project No. 30240

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	3	1	3	1									
Professionals														
Technicians	2	2		2										
Sales Workers	1		1					1						
Office and Clerical	4		4		4									
Craft Workers (Skilled)	3	3		2			1							
Operatives (Semi-skilled)	1	1					1							
Laborers (Unskilled)	1	1					1							
Service Workers														
Previous Year Totals	16	10	6	7	5	0	0	3	1	0	0	0	0	
Year Totals	16	10	6	7	5	0	0	3	1	0	0	0	0	

WORKFORCE AND SUPPLIER DIVERSITY FORM
HUB/SMALL BUSINESS PROCUREMENT AS A PERCENTAGE OF TOTAL COMPANY PROCUREMENT
Ganado Telephone Company, Inc.
Project No. 30240

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)		0%	0%	0%
Commodities Contracts (4)		.7%	3.0%	329%
Other Services (5)		0%	.7%	70%
Professional Services Contracts (6)		.9%	.6%	-33%
Major Equipment (7)		0%	0%	0%
Other(8)		.2%	0%	-100%

(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.

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

Ganado 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.

Ganado 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 Company 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 Company also strives to communicate to the HUB-community the opportunities for doing business with Ganado. 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.

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

Listed below are Ganado's specific programs and activities to achieve the initiatives stated above, and the progress of each during 2004.

1. Identify local organizations with minority membership emphasis and communicate through these organizations employment opportunities with the Company.
 - a. Ganado was unable to identify any local organization with minority emphasis during 2004, 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 Company.
 - a. Ganado was unable to identify any local organizations with female membership emphasis during 2004, 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. Ganado did not have any additional employment opportunities available during 2004.

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. Ganado utilized industry provided technical and commercial training for employees during 2004.
5. Offer available advancement opportunities to employees.
 - a. Ganado did not have any additional employment opportunities available during 2004.

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

Ganado, whenever possible, contracts with local businesses to provide the goods and services that are available in Ganado's serving area and surrounding communities. At this time, Ganado is not engaged in any business partnerships or joint ventures. Initiatives in this area will be taken under consideration by Ganado's management and its Board of Directors. If no conflict with current Company policy exists, Ganado may seek to incorporate this initiative into its future business plans.

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 Ganado 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 rural communities we serve, when and where possible, far outweighs attempting to achieve an improved statistical number. As a small, rural telephone company, 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 rural 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. Ganado, whenever possible, contracts with local businesses to provide the goods and services that are available in the Company's serving area and surrounding communities.

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

Ganado is a small and rural company that has used its modest procurements to benefit small business and the community. Ganado 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. Ganado 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 Company did not have any job vacancies in the past year, and is not currently planning to increase personnel.