



Control Number: 30240



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PUBLIC UTILITY COMMISSION
FILING CLERK

December 23, 2004

Filing Clerk
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, TX 78701

RE: Project No. 30240 - Annual Progress Report on Five-Year Plan to Enhance Supplier
and Workforce Diversity for Consolidated Communications

Dear Filing Clerk:

Pursuant to Section 26.85(e) of the PUC Substantive Rules, enclosed for filing are (4) copies of the Annual Progress Report on the implementation of the Five-Year Plan to Enhance Supplier and Workforce Diversity. This filing is being made in Project 28691 as the project designated for this report. This report is composed of information and data filed for **Consolidated Communications of Texas Company** and **Consolidated Communications of Fort Bend Company**. These companies are both part of, and doing business as, **Consolidated Communications**, and both workforce and supplier diversity efforts are directed by a common management.

Consistent with the requirements of the approved rule, copies of this report are also being provided to: (1) the Governor; (2) Lieutenant Governor; (3) Speaker of the House; (4) The House Legislative Black Caucus; (5) The Texas Senate Hispanic Caucus; (6) The House Mexican American Legislative Caucus.

We have included an extra copy of the transmittal letter and request that you please file-date stamp this copy and return to us for our files. If you have any questions concerning this report, please contact me at 214-774-3270.

Sincerely,

Scott Kitchen
Consolidated Communications
Sr. Manager, Regulatory Compliance

sr

cc w/attachment

The Honorable Rick Perry
The Honorable David Dewhurst
The Honorable Tom Craddick
The Honorable Garnet Coleman
The Honorable Juan Hinojosa
The Honorable Pete Gallego

WORKFORCE AND SUPPLIER DIVERSITY FORM **WORKFORCE DIVERSITY**

NUMBER OF TEXAS FULL-TIME EMPLOYEES FOR REPORTING YEAR

Occupational Categories	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	27	21	6	20	6	1	0	0	0	0	0	0	0
Professionals	110	84	26	79	16	2	4	2	5	2	0	0	0
Technicians	71	64	7	53	7	4	0	7	0	0	0	0	0
Sales Workers	23	12	11	11	9	1	2	0	0	0	0	0	0
Office and Clerical	122	51	71	44	54	3	10	3	7	0	1	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)	3	3	0	2	0	0	0	1	0	0	0	0	0
Service Workers	158	80	78	74	54	1	6	5	18	0	0	0	0
Previous Year Totals	514	315	199	283	146	12	22	18	30	2	1	0	0
This Year Totals	514	315	199	283	146	12	22	18	30	2	1	0	0

WORKFORCE AND SUPPLIER DIVERSITY FORM

HUB/SMALL BUSINESS PROCUREMENT AS A PERCENTAGE OF TOTAL COMPANY PROCUREMENT

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)	33.32%	35.39%	2.07%
Commodities Contracts (4)	2.33%	3.27%	0.94%
Other Services (5)	16.40%	9.36%	-7.04%
Professional Services Contracts (6)	15.06%	10.13%	-4.94%
Major Equipment (7)	8.52%	10.63%	2.11%
Other (8)	1.93%	1.45%	-0.48%

(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% 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 of the 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, communications 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) **Other 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/dodging, 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.

**ANNUAL REPORT ON FIVE-YEAR PLAN TO ENHANCE SUPPLIER AND
WORKFORCE DIVERSITY
CONSOLIDATED COMMUNICATIONS**

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

Support all associates' participation in career days, professional development workshops, youth motivation programs and related activities whenever possible.

Encourage associates to serve in leadership positions for community organizations, employment councils, and similar organizations whenever the opportunity arises.

Support associates with particular areas of expertise to serve as volunteers in their communities, to serve on boards and participate in professional groups.

Publicize the achievements of all associates in internal publications as well as in the local news media when appropriate.

Support programs developed by community groups such as the National Alliance of Business, the Urban Coalition, The Urban League and other organizations concerned with opportunities for minorities and women. Continue to support community organizations, agencies, and activities such as the following: Community and Minority Chambers of Commerce, Area Chambers of Commerce Annual Leadership Programs, Boys & Girls Club, Cinco de Mayo, County Youth Associations, Economic Development Groups, Interaction Training, March of Dimes, Special Olympics, and United Way.

Provide recruiters clear and concise explanations of current and anticipated future job openings, position descriptions, worker specifications and CCI'S selection process.

Encourage all associates to refer qualified applicants through a Referral Bonus program.

Make an effort to research additional organizations in the community or the recruitment area that could refer qualified minorities and women for positions. As appropriate; provide notification of job availability and qualifications to organizations such as the Urban League, the National Organization of Women, secondary and vocational schools, junior colleges and colleges with high minority and female enrollment.

Post available job opportunities on Company web sites.

Post available job opportunities on industry organization web sites.

Continue to review worker specifications to ensure academic, experience, and skill requirements are relevant and necessary to job functions and duties.

Inform all associates involved in recruiting, screening, selection, promotion, and performance management of the Company's EEO policy.

Extend opportunities for additional training to current associates who, with additional training, education or experience may become qualified for advancement.

Provide workforce diversity-related and anti-harassment employee training.

Recognize the continual entrance into the work force by minorities and women graduates of high schools, colleges and technical schools, as well as woman desiring to return to the workforce.

Identify local organizations with small, minority, and female-owned business membership emphasis and participate in or communicate through these local organizations to promote the business opportunities with the Company.

Publicize the commitment to Supplier Diversity in publications directed to and supportive of economic development for women, minority and small businesses.

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

Company employees actively participate in the following community programs in our service area: Chamber of Commerce, Jr. Achievement, Lions Club, Boys & Girls Club, March of Dimes, Rotary Club, National Denim Day (Breast Cancer Awareness), Cattle Barons Ball (Cancer fundraiser), United Way, Sam Houston Area Boy Scouts, Waller County Women's Shelter, Barbara Jordan Youth Center, Richmond State School, Lamar CISD Texas Scholar Program, Katy ISD Partners in Education, Fort Bend County Literacy Council Volunteers, City of Rosenberg & Richmond Czech Festival, American Heart Association "Heart Walk" Sponsorship, Pregnancy Assistance Center, Junior League of Lufkin, and local school Career Days. These associations bring the company into contact with all groups in the communities we serve and increase knowledge and awareness of business and employment opportunities within the company.

Outstanding employee achievements are publicized extensively through our internal magazine Connection, as well as bulletins, companies e-mail, etc. Highest-level achievers are formally recognized each quarter through the Presidents Eagle Award Program. These achievements and awards are also released to all local and surrounding area media. This dissemination provides a very positive image for the Consolidated Communications employees and promotes interest in employment with the company.

Our community participation, as detailed above, has been critical to achieving success and improving diversity in both employment and procurement. Our employees' interaction within the community is the most effective means of identifying and attracting minority employees, as well as potential business partners.

Both internal staff and outside agencies that recruit for the company are given position descriptions and the specific qualifications required of a prospective applicant and are very familiar with our goals and initiatives to enhance diversity.

Definition of specific skills and requirements enhances the efficiency of our Recruiting processes and facilitates a successful conclusion to the search for a new employee.

We utilize an internal posting system for all nonexempt positions and many management positions. Employee referrals have been a good source of potential candidates for our hiring needs. However, our Union contract precludes outside hire prior to job posting, and an internal bidding process is required for over 30 percent of the positions within the company.

All employees are informed of the Company's EEO policy through posting of the Affirmative Action Policy throughout the company; through receipt of the policy in the Employee Handbook (available to all employees on the company intranet); through employee orientation where the policy is specifically covered in the orientation program. All employees of the company also attend a course on Diversity in which the Affirmative Action Policy is discussed. All employment advertisements specify that CCI is an Equal Opportunity Employer.

While we have successfully targeted minorities and females through the search firms we utilize, most of the recruiting within the communities served is done through employee referral and/or Internet advertisement.

Because of the union job posting/bidding process and extensive staff reduction over the past two years, we have conducted no recruitment from colleges or secondary schools.

All positions recruited externally are posted on the company web site and the Internet. Most successful position incumbents have five or more years of previous work experience. In areas outside of the franchise we have successfully targeted minorities and females through the search firms that we utilize.

We continue to provide extensive technical and product related training with service technicians, customer service and sales staff to both enhance our service levels and their own capabilities.

As part of our standard recruitment efforts, we endeavor to recruit minorities and women by the following methods: using the proper EEO identification in help-wanted advertisements, job posting; utilizing recruitment agencies prioritizing minority candidates; soliciting employment referrals from existing employees.

As shown above, company employees are members in all local civic and service organizations and are active in discussing and promoting business opportunities available with the company as well as potential employment. Active participation in local Chambers of Commerce has produced good relations with these businesses.

III. 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 company will continue to emphasize and expand the programs detailed above. The success of these activities, as shown in IV below, demonstrates their validity and the company's commitment to achieving true diversity in both their workforce and procurement practices. Additionally, the company will make a concerted effort to establish closer relationships in organizations with minority and female business membership emphasis, in order to promote and increase business opportunities with these business people and will be more active in using publications to promote business/vendor and employment opportunities.

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

2004 Hiring Experience

Gender	White	Black	Hispanic	Indian/Asian	TOTAL
Female	6	2	1	0	9
Male	10	0	2	0	12
TOTALS	16	2	3	0	21