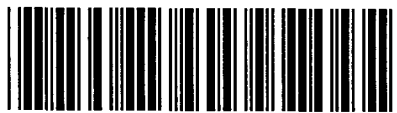


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Industry Telephone Company

P.O. Box 40 • INDUSTRY, TEXAS 78944 • AREA CODE (979) 357-4411

December 30, 2004

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PUBLIC UTILITY COMMISSION
FILING CLERK

Filing Clerk
Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711-3326

RE: Project 30240 – Industry Telephone Company’s Annual Progress Report on Five-Year Plan to Enhance Supplier and Workforce Diversity

Dear Filing Clerk:

Pursuant to PUC Subst. R. 26.85(d) and (f), enclosed for filing in the above-referenced project are four (4) copies of the Annual Progress Report on the implementation of the Five-Year Plan to Enhance Supplier and Workforce Diversity. 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) Chair-Texas Senate Hispanic Caucus; (5) Chair-Texas Legislative Black Caucus; and (6) Chair-Mexican-American Legislative Caucus.

Please file-stamp any additional copies and return them to me. Your cooperation in this matter is greatly appreciated. You may direct any correspondence or questions to me at the above-listed address and telephone number.

Sincerely,

for 

Michelle Ackley
Accountant
Industry Telephone Company

Enclosures

cc w/attachment Governor
Lieutenant Governor
Speaker of the House
Chair-Texas Senate Hispanic Caucus
Chair-Legislative Black Caucus
Chair- Mexican-American Legislative Caucus

**WORKFORCE AND SUPPLIER DIVERSITY FORM
WORKFORCE DIVERSITY**

Occupational Categories	Combined Total	NUMBER OF TEXAS FULL-TIME EMPLOYEES FOR REPORTING YEAR																
		Company Totals		Caucasian		African American		Hispanic		Asian		American Indian						
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female					
Officials and Managers	6	3	3															
Professionals	4	2	2	2	2													
Technicians	6	4	2	3	2		1											
Sales Workers	0	0	0															
Office and Clerical	6	1	5	1	5													
Craft Workers (Skilled)	4	4	0	4	0													
Operatives (Semi-skilled)	0	0	0															
Laborers (Unskilled)	0	0	0															
Service Workers	2	0	2		2													
Previous Year Totals	22	11	11	10	11		1											
This Year Totals	28	14	14	13	14		1											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.

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**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)	98.8635%	100.0000%	1.15%
Commodities Contracts (4)	55.1766%	50.0694%	-9.26%
Other Services (5)	65.4581%	52.5890%	-19.66%
Professional Services Contracts (6)	36.8774%	51.3156%	39.15%
Major Equipment (7)	19.6995%	55.1072%	179.74%
Other (8)	23.8322%	32.0956%	34.67%

(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

INDUSTRY TELEPHONE COMPANY

INTRODUCTION

The following progress report is filed to comply with the requirements of the Public Utility Regulatory Act Substantive Rule 26.85 and the Public Utility Commission Project No. 28691- Compliance Proceeding for Telecommunications Utilities' Five-Year Plan to Enhance Diversity of its Workforce and Increase Opportunities for Small and Historically Underutilized Businesses. Industry Telephone Company (Industry) recognizes the benefits of having diversity in the workforce and of increasing the amount of business the Company does with small and historically underutilized businesses operating in our community. Industry is proud of our record to enhance the diversity of our workforce. Over the past several years, and given the extent possible in our community, Industry has made every effort to improve workforce diversity and increase business transactions with small and historically underutilized businesses in our community.

Industry Telephone Company was organized and chartered to provide telecommunications services to a rural Texas service area. It is a goal of Industry to provide the best possible telephone service at the lowest cost consistent with sound economy and good management.

As citizens living and as a business operating within the communities we serve, the management and employees of Industry continue to seek opportunity to make progress in the areas of diversifying the workforce and utilizing the products and services of small and historically underutilized businesses.

As a small, rural telephone company, we have and must recognize a fiduciary duty and responsibility for the benefit of the company 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 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. However, when possible, Industry contracts with local businesses to provide the goods and services that are available in our communities.

This report describes the progress that we have made during the past year in implementing the goals we set out in our Five-Year Plan to Enhance Diversity in our Workforce and Increase Opportunities for Small and Historically Underutilized Businesses.

Industry Telephone Company

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WORKFORCE AND SUPPLIER DIVERSITY FORM

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

Industry Telephone Company has maintained a strong commitment to employ a diverse workforce by recruiting, training and employing, from the local community, individuals who possess the education and skill-sets necessary to perform the duties for which they are hired. One female employee retired and five new positions were created. Those six positions were filled with three female and three male employees.

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

Industry has successfully enhanced the diversity of our workforce. Industry has 14 Female and 14 male employees. Industry's owner is Female. Of the six Officers and Managers, three are female and three are male. Last year, Industry hired a Hispanic Male Technician. At such time as Industry needs to expand our workforce, we are committed to implementing programs to recruit minority and female employees through efforts at local organizations with minority and female membership emphasis, through local educational institutions, and through websites. Furthermore, Industry offers workforce diversity training materials in the work environment, provides work-related training and offers advancement opportunities to all employees.

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:

Industry will continue to pursue and implement the initiatives, programs and activities we set out in our initial Five-Year Plan to Enhance Workforce Diversity and Contracting Opportunities for Small and Historically-Underutilized Businesses in Project No. 21170. Such initiatives include:

- Identifying local organizations with minority membership emphasis and communicate through these organizations employment opportunities with Industry.
- Identifying local organizations with female membership emphasis and communicate through these organizations employment opportunities with Industry.
- Identifying local educational institutions and communicate through the educational employment outreach programs employment opportunities available for minority and female students. Attempt to work with educational institutions to establish work-for-credit intern programs.
- Provide workforce diversity training materials for employees.
- Offer work-related training and advancement opportunities employees.

WORKFORCE AND SUPPLIER DIVERSITY FORM

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

Industry has made progress in both areas of enhancing diversity in the workforce and also in utilizing HUBs and Small Businesses. While it is sometimes difficult to assess the success of such initiatives in rural areas, where employment and contracting opportunities are few, Industry has clearly implemented business practices to communicate to minority and female persons, as well as HUBs and Small Businesses, the employment and contract opportunities that exist. Further, Industry has enhanced the diversity in our workforce by hiring one Hispanic male and creating an even mix of male and female positions, and increasing HUB and Small Business procurements.