



Control Number: 30240



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McLeodUSA®

December 21, 2005

The Public Utility Commission of Texas
ATTN: Central Records
1701 N. Congress Avenue
Austin, TX 78711

RE: Report on Workforce Diversity and Other Business Practices
Project No. 30240

Dear Sir or Madam:

Please find enclosed the original and four copies of McLeodUSA Telecommunications Services, Inc.'s Report on Workforce Diversity.

Please contact me if you have any questions or need additional information at (319) 790-6602. Thank you.

Sincerely,



Lorilei Christner

Cc: The Honorable Rick Perry; Office of the Governor
Lt. Governor David Dewhurst; Capitol Station
The Honorable Tom Craddick; Speaker of the House of Representatives
The House Legislative Black Caucus; The Honorable Garnet Coleman, Chairman
The Texas Senate Hispanic Caucus; The Honorable Juan Hinojosa, Chairman
The House Mexican American Legislative Caucus; The Honorable Pete Gallego, Chairman

WORKFORCE AND SUPPLIER DIVERSITY FORM **WORKFORCE DIVERSITY**

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	23	20	3	17	2	0	1	3	0	0	0	0	0	
Professionals	53	47	6	36	6	0	0	5	0	5	0	1	0	
Technicians	33	30	3	21	3	3	0	6	0	0	0	0	0	
Sales Workers	2	1	1	0	0	0	1	1	0	0	0	0	0	
Office and Clerical	10	1	9	1	8	0	0	0	0	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)	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	170	134	36	107	31	4	2	17	1	5	2	1	0	
This Year Totals	121	99	22	75	19	3	2	15	0	5	1	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.

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)	93.99%		-100.00%
Commodities Contracts (4)	47.24%		-100.00%
Other Services (5)	9.08%		-100.00%
Professional Services Contracts (6)	32.78%		-100.00%
Major Equipment (7)	50.28%		-100.00%
Other (8)	82.39%		-100.00%

(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

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

Job postings for available McLeodUSA positions in Texas are posted on the McLeodUSA website, America's Job Bank, WorkingDiversity.com, Monster.com, and Careerbuilder.com. While McLeodUSA is not a government contractor and therefore not required to compile affirmative action plans, we do so on a voluntary basis to reinforce fair and equal treatment of all employees, and to ensure our hiring and promotion practices are in compliance with government standards.

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

The programs have been very successful in providing opportunities to females, minority groups, disabled persons, and veterans.

(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:

- McLeodUSA will identify females and minorities in the feeder pool who may be eligible for promotion or transfer. If training is required to enhance the changes of becoming an eligible candidate, McLeodUSA will provide training opportunities.
- McLeodUSA will target area educational institutions with high minority enrollment and will make a good faith effort to recruit minority graduates. McLeodUSA will continue to notify the Hispanic Association of Colleges and Universities of future job opportunities.
- McLeodUSA will advertise openings through professional affiliations specifically aimed at minority and female groups through use of the Internet.
- Wherever possible, McLeodUSA will offer to partner with area business organizations to provide speakers and events, which will promote awareness of opportunities for minority and females at McLeodUSA.
- Wherever opportunities present themselves to engage in mutual business opportunities with small and HUB enterprises, consideration by management board will be undertaken.

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

The number of non-minorities in 2005 was 70% of the population in 2004, while the minority population in 2005 was 73% of the 2004 minority population; the result is a higher retention of minority versus non-minority employees.