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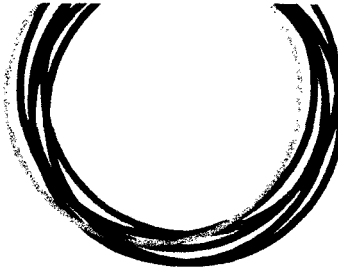


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ALPHEUS

Formerly known as
El Paso Global Networks



Alpheus Communications
1001 Louisiana
Travis Place, 9th Floor
Houston, Texas 77002

713-420-2131

December 27, 2006

Public Utility Commission of Texas
Attn: Central Records Filing Clerk
1701 North Congress Avenue
PO BOX 13326
Austin, Texas 78711

RE: Project Number 30238 and Project Number 30240 (For Annual 2006 Reports)

Pursuant to PUC Substantive Rule 26.85, enclosed for filing are one (1) original and four (4) copies of Alpheus Communications, L. P. (Alpheus) Workforce Diversity Plan and Report for 2006. Consistent with the requirements of the rules, copies of this report are also being provided to: 1) the Governor; 2) Lieutenant Governor; 3) Speaker of the House; 4) Texas Legislative Black Caucus; 5) Texas Senate Hispanic Caucus; 6) Mexican American Legislative Caucus.

Also enclosed pursuant to PUC Substantive Rule 26.80 for filing are one (1) original and four (4) copies of Alpheus Annual Report on Historically Underutilized Businesses (HUB).

For the year of 2006, Alpheus had a service contract for personnel with Advantec. Therefore Alpheus had no direct employees. However, Alpheus is filing these reports to meet the above requirements for Advantec.

Please return a file stamped copy of this filing to me in the enclosed self-addressed envelope for our files.

Sincerely,

Patricia M. Hogue
Sr. Vice President-Regulatory Affairs
Alpheus Communications
Phone 903 675-1991
Fax 903 675-1991

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The Honorable Rick Perry
Office of the Governor
P. O. Box 12428
Austin, Texas 78711-2428

Lt. Governor David Dewhurst
Capitol Station
P.O. Box 12068
Austin, Texas 78711-2068

The Honorable Tom Craddick
Speaker of the House of Representatives
Capitol Office, Room 2W.13
P. O. Box 2910
Austin, Texas 78768

The House Legislative Black Caucus (TLBC)
The Honorable Garnet Coleman, Chairman
c/o Ben Hallmark, Chief of Staff
603 West 13th Street # 1A-171
Austin, Texas 78701

The Texas Senate Hispanic Caucus
The Honorable Juan "Chuy" Hinojosa, Chairman
Attn: Rick Sookiasian
1005 Congress Avenue, Suite 102
Austin, Texas 78701

2005 DEC 20

Hispanic

WORKFORCE AND SUPPLIER DIVERSITY FORM **HUB/SMALL BUSINESS PROCUREMENT AS A PERCENTAGE OF TOTAL COMPANY PROCUREMENT**

Construction Contracts (3)	75.0000%	50.0000%	-33.33%
Commodities Contracts (4)	0.0000%		%
Other Services (5)	20.0000%	20.0000%	0.00%

(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:

At Alpheus, we believe that the true strength of our company lies in the diversity of our employees. We recognize that our employees are our most important asset, and we believe that successfully executing our business strategies depends upon contributions from people with dramatically different experiences, backgrounds, education, and perspectives. With that in mind, we strive to foster an environment that embraces all people. At Alpheus our differences strengthen us; our shared values and teamwork unite us. We have a PEO, which serves as a co-employer and provides us with an outsourced solution to manage such things as insurance, payroll and payroll tax administration, health and workers' compensation insurance, human resource advice and administration, and employment regulation compliance management, which helps us with our initiatives.

Alpheus seeks to:

- Recruit, hire, and retain a group of employees who reflect the diversity of the communities in which we operate through relationships with many different sources for candidates.
- Maintain a culture of open-mindedness, empowerment, and respect that enhances and leverages the diversity of our workforce.
- Tie employee rewards to both the accomplishment of team goals and individual contributions toward those goals.
- Employ a diverse group of suppliers and vendors.
- Maintain close bonds to the communities in which we operate and support local initiatives within those communities.

2006 Action-Oriented Program:

1. Training and Awareness: Alpheus fosters a culture of open-mindedness, empowerment, and respect that will enhance and leverage the diversity of our workforce. This was accomplished by:
 - Annual EEO training available to all employees.
 - Required annual EEO class room training for all supervisors.
 - Providing classroom and self-guided programs that allow our employees to develop their skills in order to be ready for developmental and advancement opportunities that become available.
 - Required all employees to read, understand and sign Advantec (Alpheus' PEO) Code of Business Conduct.
2. Employee Development and Promotion from Within: Alpheus fosters the development of its employees, including its women and minority employees, to encourage employees to develop the skills and obtain the experience needed to move up the organization as opportunities arise by training programs tied to annual performance reviews.
3. Advertising, Recruitment and Selection: In order to fill positions with qualified minorities and females, Alpheus utilizes the resources of its PEO provider to locate diverse candidates, including sources frequently read by diverse individuals in similar jobs/industries. These sources include, but are not limited to, America's Job Bank, WebHire, and/or Monster.com. While recruiting for 2006 has been limited based on

WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

Alpheus' needs, when the need for resources arose, Alpheus utilized the resources of its PEO provider and recruited by posting job openings on a variety of websites to advertise opportunities to a diverse population of potential candidates. Additionally, all placements at or above manager level are reviewed by the President of Alpheus as well as the Senior Vice-President of Human Resources to ensure an appropriate group of candidates were considered and that indeed the best qualified applicant was considered.

4. Initiatives: Alpheus will maintain close ties to the communities in which we operate, supporting local initiatives important to the area in which we do business. The Company will accomplish this through:
 - Participating in education and mentoring programs at local schools
 - Development of career opportunities that assists talented minority students in finding meaningful summer and part-time jobs in corporate America.
 - Financially supporting community organizations.
 - Encouraging employees to give back to the community through service and volunteer actions.

WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

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

Alpheus continually assesses the initiatives and programs mentioned above and has been successful in demonstrating increased awareness in each area. Alpheus has studied its utilization rates of minorities and females in comparison to their availability. In 2006, Alpheus hired ten new employees, three of whom were female and two of whom were 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:

Alpheus has in place policies and programs for improving workforce diversity both in terms of new hires and development opportunities of current employees. Alpheus believes that these policies and programs have been effective in advancing workforce diversity; however, Alpheus also believes that advancing diversity is a continuing task.

Alpheus strives to be responsible for ensuring that small business enterprises (SBEs), small disadvantaged business concerns (SDBs), woman-owned small business concerns (WOSBs), veteran-owned small business concerns (VOSBs), service-disabled veteran-owned small business concerns (SDVOs), and historically underutilized business zone small business concerns (HUBZone SBs) are provided with opportunities to compete on an equal basis with all other Alpheus suppliers. We are constantly working to increase awareness of the company's commitment to ensuring fair and equal consideration of all businesses through various activities.

WORKFORCE AND SUPPLIER DIVERSITY FORM COMPANY INITIATIVES

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

During the past year we continued working on and refining processes that ensure in-house diversity task force objectives are met. The diversity task force is comprised of representatives from various Alpheus departments and it agreed to and initiated multiple modifications to its in-house vendor database required to accommodate diversity data. The contract request form used for the preparation and negotiation of all vendor contracts contains a field that must be checked indicating the HUB status of our vendors. A vendor profile is kept by Alpheus to gather diversity data from its existing suppliers and contractors. With this form, a survey of Alpheus suppliers was conducted in order to identify small business enterprisers (SBEs), small disadvantaged business concerns (SDBs), women-owned small business concerns (WOSBs), veteran-owned small business concerns (VOSBs), service-disabled veteran-owned small business concerns (SDVOs), and historically underutilized business zone small business concerns (HUBZone SBs)