

## Members ask PEC board to resign despite board's election reforms

By Jodi Lehman

On Monday afternoon, member after member addressed the Pedernales Electric Cooperative Board of Directors and asked the directors to resign their positions. The weather outside on Monday afternoon was cold and rainy; the message from members inside the PEC's monthly board meeting was equally bleak.

About 50 members, including at least 9 Horseshoe Bay residents, showed up for the meeting at the PEC Training Center in what used to be Ed's River Palace. Twenty-two members addressed the board. All members speaking to the board were unanimous in their praise of PEC employees, the service they receive, and of newly hired General Manager Juan Garza who will take over in early February. All but three speakers were critical of the board's performance.

The Johnson City Independent School District kicked off the member comments by presenting a framed resolution passed by their board on January 14 in appreciation of all the PEC has done for their school district.

David Friedman of Burnet said that the board members have not upheld their fiduciary duty to the members of the cooperative. Doug Moore and a dozen more members from throughout the PEC service area echoed Friedman's assessment that it is in the best interest of the non-profit co-op for the board to resign.

Karen Huber, from western Travis County, told the board, "Trust and confidence lost are not easily regained." She said one right move will not remove the cloud hanging over this board. "Do the right thing. Resign so that a new and qualified board can be elected through a fair and open process."

PEC member John Watson, a retired attorney, residing in Blanco County, told the board, "I take no pleasure in saying that this step (resignation) is necessary because the board has shamefully put the interests of Mr. Fuelberg, Mr. Burnett and themselves above those of the members."

Watson and three other co-op members hand delivered a letter to the PEC board on January 16 that said in part, "...all members of the board have failed to live up to the fiduciary duties...(t)here has been a level of dereliction of duty that is stunning...(and) the board has lost the confidence of the vast majority of PEC members."

Watson said that PEC members "deserve the opportunity for a fresh start by electing seven new voting board members and seven new advisory directors." While he questions the need for advisory directors, Watson proposed that the newly elected directors would then select 3 replacement at-large advisory directors.

Hillary Hart, on the engineering faculty at the University of Texas in Austin, said, "You are a beleaguered board...trying to position yourselves as reformers." She asked that the board resign and "give Garza something better to work with."

Charlie Tesar of Blanco told the board that they were good people who had somehow gone wrong. He said that the directors had lost track of who they are and who they represent, concluding, "Forget reforms. Just leave."

Blanco County resident Joe Summy was the last member to address the board said not all members of the co-op feel the same way. Summy said that a small vocal group has targeted the board with the aid of the media. He said that the board has a lot of work

to do, but encouraged them not to run away especially since “y’all haven’t been convicted of anything yet.”

None of the board members responded to members’ calls for their resignations during the meeting. However, new Board President E. B. Price said in a press release Monday night that an en masse resignation would “completely destabilize” the PEC “at one of the most important junctures of its history.” Price emphasized that the board is listening to members’ concerns and promised that the PEC is “turning over a new leaf.”

Before Monday’s meeting, the PEC sent out two press releases. On Friday, the PEC announced that embattled Board President Bud Burnett had resigned his directorship effective immediately. In November, Burnett had announced he would resign in June 2008. Neither Burnett nor General Manager Bennie Fuelberg was at Monday’s meeting, although Fuelberg is still employed at the PEC.

On Saturday, the PEC announced that the board would announce additional changes in the director election procedure at its meeting on Monday. The notice said that the changes to be implemented were the elimination of the use of the board’s nominating committee to select board approved candidates for directorships, and the elimination of the use of proxies in voting for directors.

Price said that the changes are designed to further open board elections and to promote member participation. Members will be able to vote for their candidates online, by mail or in person. To ensure transparency and fairness in the balloting process, the PEC is interviewing independent firms to receive and count election votes.

As promised, at the meeting on Monday, the Board voted 5 to 1 to amend the co-op bylaws to reflect the foretold changes to the election process.

In an interview after Monday’s meeting, the PEC was asked whether the PEC board had met prior to Saturday’s press release to determine that they would make those specific changes to the bylaws. Acting as spokes person for the board, Advisory Member at Large Libby Linebarger said that the board did not actually meet, but had been in ongoing discussions about the changes for two weeks with Senator Troy Fraser.

“The board thought we had made monumental changes in November,” said Linebarger, “but Senator Fraser made the board aware” that he expected more changes to open the board election process. Linebarger said that Fraser met personally with board members and that is how the board decided to eliminate the nominating committee and proxies.

PEC member Paul Langston of Horseshoe Bay addressed the board on another issue. Langston pointed out that the PEC rate structure “really gigs the little guy” by charging more for the first 500 kilowatt hours used and less per kWh as usage increases. Langston said he heeded a letter from the PEC asking members to conserve energy, and made many changes in his household electric usage, only to discover that his conservation efforts resulted in his bill going up.

Langston called for the PEC to encourage conservation by ending its system of “subsidizing large users.” His call for a rate structure that rewards energy efficiency was endorsed by many speakers who followed his presentation.

Milton Hawkins said his community association PEC bill used to be \$10 a month, then it increased over time to \$35 per month. He wrote Fuelberg and attempted to send a copy of his letter to each member of the board, but could not get their addresses from the PEC website or from PEC headquarters. He was told he could send the letters to board

members in care of the PEC, but Hawkins said, "I had no confidence that the letters would be forwarded."

Hawkins said he did get a response from Fuelberg that said the PEC could not afford to consider his non-profit community group as some type of special organization. Hawkins told the board, "When I read how much each of you have received and spent, it makes me sick. Resign and do not take much time to do it."

Many members asked that the PEC list board members' telephone numbers, direct mailing addresses, and email addresses so members can contact their directors about issues facing the co-op.

Dave Kithill, former Burnet County Judge and Lower Colorado River Authority board member, asked the PEC board to reconsider its bylaw change in November that prohibits members who have been employed by PEC or other power suppliers from serving as PEC board members. Kithill said the prohibition excludes many qualified members from running for the board, including individuals like Jack Martin, Bob Lambert, Pam Akins, Jim Garrison, Martin McClain, Mike Lucksinger and himself.

Bret Ramos, a PEC member since 1994 and owner of a solar panel business suggested that the board "open up its bylaws to eventually generate its own electricity rather than rely only on the LCRA." Ramos said the PEC should invest in power generation, not in software companies, and called for PEC to sell Envision.

Following an hour of member comments, the PEC board took up the other business on the agenda. After the board approved financial items on the consent agenda, a member asked why the power bill for December 2007 was over 60% higher than for December 2006 when kWh's bought was only 5% higher. Assistant General Manager Will Dahmann said he thought "there were a lot of credits back from the LCRA" in 2006, but he wasn't sure. Dahmann said he would investigate the reason for the \$9 million difference and report back to the member.

The board voted to table all contract approvals until after Garza comes on board so he can make recommendations to the board.

Assistant General Manager Jeanell Davis reported that PEC had 832 full time, part time and temporary employees for December 2007, up from 815 in December 2006. After concluding its regular business, the board met in executive session to discuss litigation, real estate and personnel matters.