

# The Editorial Board

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## **PEC still owes full disclosure**

By [The Editorial Board](#) | Wednesday, March 12, 2008, 05:08 PM

The fundamental concern about a tentative settlement in the lawsuit against Pedernales Electric Co-operative Inc., based in Johnson City, is this: Will it cut off the flow of information that proved to the co-op's members the need for long-needed reforms?

The question is important because if the proposed settlement is approved by state District Judge John Dietz, it would bar other members from taking the co-op to court on the same issues. Though the co-op should not have to keep fighting the same case repeatedly in court, it also must not be allowed to use this settlement to deny disclosure of information in the future to members.

The information that came out of the lawsuit, and the digging by the American-Statesman that fleshed out the bare facts and revealed even more, already has led to considerable reform of the co-op. The top leaders have been forced out and the rules for nominating candidates for seats on the co-op's board of directors have been rewritten in a way that should make it easier for challengers to get elected.

Thanks to the lawsuit and this newspaper, the 220,000 or so members of the electric co-op learned that the board's directors were reimbursing themselves an average of about \$50,000 a year, far higher than typical for co-ops. They also learned that the do-nothing president of the board, W.W. "Bud" Burnett, was reimbursed about \$190,000 last year, and that Bennie Fuelberg, the general manager, was paid \$1.4 million plus benefits last year, far more than most of his peers.

Only because of the lawsuit (and rulings by Dietz) did Pedernales directors and management turn over information to the plaintiffs about their extravagant spending on trips and people on the payroll who did no obvious work (one lives in Louisiana). And only because of the lawsuit did the board finally authorize returning to members some of the \$226 million in capital credits accumulated by the co-op over decades.

The lawsuit has been critical in reforming the co-op because there was no other way to force out this information. The board had constructed a self-perpetuating system that made it virtually impossible for challengers or reformers to win seats. State deregulation of the electric industry in 1999 stripped away the power of the Public Utility Commission to oversee co-ops. And co-ops, as nonprofit but private entities, are not subject to state laws requiring open meetings and open records that apply to government bodies.

State Sen. Troy Fraser, R-Horseshoe Bay, also has played a critical role in forcing the co-op to start reforms. He chairs the Senate Committee on Business and Commerce, which will meet March 27 to hear testimony on the governance of electric co-ops. Fraser wants to ensure that co-op members really can institute reform when needed - and they should be able to do it without a lawsuit.

Dietz has scheduled a hearing for April at which other co-op members will have a chance to object to the settlement. At the least, we hope the judge will ensure that thousands of documents still designated as confidential will be declared open.