



COMMITTEES:
HUMAN SERVICES, CHAIR
HIGHER EDUCATION

Patrick M. Rose
TEXAS STATE REPRESENTATIVE
DISTRICT 45

COUNTIES:
BLANCO
CALDWELL
HAYS

September 4, 2007

Mr. Bennie Fuelberg
Pedernales Electric Cooperative
P.O. Box 1
Johnson City, TX 78606

Dear Mr. Fuelberg,

I continue to be extremely concerned about the state of affairs at Pedernales Electric Cooperative (PEC). As we have discussed, I believe that reforms are needed to improve the transparency of PEC's finances and to democratize the process of electing board members. Every PEC member has a right to know the financial details of their co-op, and every PEC member should have a right to run for a position on their co-op board.

PEC has made commitments – both publicly and privately – that they are at work on needed reforms. I appreciate these commitments. My concern, however, is that a sufficient sense of urgency does not exist within PEC's management with regard to these necessary reforms. I would like to take this opportunity to propose five actions that PEC can and should take immediately to address member concerns.

- Compensation information for PEC senior staff and board members should be submitted to the IRS as required by federal law from 2004 to the present. PEC members have a right to know this information and it should be disclosed.
- A standing policy should be implemented, effective immediately, prohibiting board members from serving as employees of PEC.
- The bylaws should be changed with regard to the process of electing board members. In addition to a nominating committee, PEC members should have the right to nomination by petition.
- PEC should start paying some level of capital credits in the next year. I understand the pressures that accompany the remarkable growth throughout your service area, but there is some level of capital credit that can and should be returned to members annually.

- PEC should disclose immediately to the public, and particularly to interested members, audit financials for PEC as well as any and all subsidiaries. On an ongoing basis, PEC should disclose this information at its annual meetings and on its website.

In my opinion, taking the aforementioned action is a critical step toward restoring the confidence and trust of your members, as well as their elected representatives. If you choose not to follow this course of action, however, you leave me no choice but to file legislation during the next Legislative Session, and I will do so if necessary. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Patrick M. Rose". The signature is written in a cursive, slightly slanted style.

Patrick M. Rose

cc: The Honorable Troy Fraser