

PEDERNALES ELECTRIC CO-OP

## Defendants plead not guilty in utility case

### Grand jury that indicted two men on felonies continues its investigation.

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The former top executive and former top lawyer for the Pedernales Electric Cooperative have entered not-guilty pleas in the criminal grand jury investigation of former officials tied to the Johnson City-based utility.

Court filings in Blanco County show Bennie Fuelberg, the co-op's former longtime general manager, and the utility's former lawyer, Walter Demond, entered their pleas July 7.

On July 10, their attorneys also filed notice that the two defendants would waive their right to an arraignment, a largely perfunctory court proceeding originally slated for Friday. A status hearing in the case is scheduled for Sept. 4.

Last month, a Blanco County grand jury handed down indictments against Fuelberg and Demond. The investigation has been led by the Texas attorney general's office.

The 12-member panel indicted the defendants on three felony charges each: misapplication of fiduciary duty in excess of \$200,000, theft of property in excess of \$200,000 and money laundering between \$100,000 and \$200,000. The first two charges are first-degree felonies that carry up to 99 years in prison on conviction; the last charge is a second-degree felony that carries up to 20 years on conviction.

Attorneys for both Fuelberg and Demond have maintained that their clients didn't take any money that they didn't earn.

The indictments are the initial results from a five-month investigation into wrongdoing at Pedernales, the largest member-owned utility in the country with 229,000 members in Central Texas. They followed nearly two years of disclosures of lavish executive paychecks and spending, lax oversight by a highly paid board and questionable dealings by former officials at the co-op.

Pedernales has since seen significant changes, and new reform-minded leadership controls its board.

In December, an extensive review by Navigant Consulting Inc. discovered \$510,000 in unexplained payments to the Clark, Thomas & Winters law firm, where Demond had been PEC's outside lawyer for decades.

The money was connected to payments to Curtis Fuelberg, brother of Bennie Fuelberg, and William Price, son of former director E.B. Price. Both have denied wrongdoing.

Demond went on leave from the firm in January and then resigned in April.

The special grand jury is slated to meet again July 29.

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