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Texas Energy Regulators Awash in Industry Money

Oil, Gas Interests Supply 60% of Political Funds to Sitting Commissioners.

Commissioner-Elect Christian Is Even More Dependent on the Industry, as the Misnamed Railroad Commission Struggles to Pass State Sunset Review.

Austin-Texas' three sitting oil and gas regulators raised more than $11 million in recent years, taking at least 60 percent of it from the industry that they're supposed to regulate, a new study by the Sierra Club, Public Citizen and Texans for Public Justice finds. They took another 7 percent of their money from lawyers and lobbyists, including those with business before the commissioners.

"This report helps explain why we have such a captive agency," said Reggie James, Director of the Sierra Club's Lone Star Chapter. "From turning a blind eye to grave enforcement violations, to keeping basic data hidden, to routinely favoring large natural gas utilities in rate cases, we see a Railroad Commission that is more interested in promoting oil and gas interests than protecting the public."

Wayne Christian—newly elected to the misnamed Texas Railroad Commission—took even more of his funding from the industry he seeks to regulate (65 percent), according the report, "Rigged: How the Texas Oil and Gas Industry Bankrolls Its Own Regulators." By comparison, oil and gas interests supplied 22 percent of the $45 million that Gov. Greg Abbott raised in the 2014 gubernatorial election cycle.

"The Railroad Commission's pay-politicians-to-pump-petroleum policy hurts Texas through pollution and higher bills," said Public Citizen Texas Director Tom "Smitty" Smith. "If it didn't work, the smartest businessmen in Texas wouldn't keep investing in these politicians."

The commissioners' overwhelming financial dependence on the energy industry is just one reason why their agency has struggled to pass its state Sunset Review. The Texas Sunset Advisory Commission typically reviews state agencies every 12 years to ensure that they return good taxpayer value. Earning poor grades, the troubled Railroad Commission is undergoing its third review since 2010. Sunset staff have criticized the agency's deceptive name and the industry's funding of its leaders. They also suggest that the agency's case hearings and gas-utility rate decisions would be better performed by the State Office of Administrative Hearings and the Public Utility Commission, instead of relying on "internal" hearing examiners to conduct contested hearings. Finally, they point out that the Commission has a failed record on enforcement and transparency, and suggest an overhaul of their inspection, bonding requirements and enforcement regime. State lawmakers, who rely on oil and gas interests for 17 percent of their political funding, have the last word on the agency's fate after the Sunset Commission finalizes its recommendations starting on November 10.

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“Having a regulatory agency that is bought and paid for by the industry that it’s supposed to regulate is as costly as it is pointless,” said Texans for Public Justice Director Craig McDonald. “Reform it or dump it.”

If Texas politicians had the will, a few simple fixes would go a long way to reforming the troubled Railroad Commission. The legislature should bar commissioners and commission candidates from taking money from interests with business before the commission. It should prohibit commissioners or candidates from taking contributions outside of an 18-month period in which they appear on the ballot. Furthermore, it should require sitting commissioners to resign to run for another office.

The 11-page *Rigged* report analyzes campaign contributions to the three sitting commissioners and to the four finalists who appeared on this month’s ballot to replace retiring Commissioner David Porter. The report tracks the latest candidate campaign reports covering through late October.[1] “Rigged” is the first of three planned reports on Texas’ oil and gas regulatory agency.

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[1] The most recent reports for the sitting commissioners cover through June 2016 (only candidates facing November opponents had to file these recent reports).