NEWS!

Texans for Public Justice 512-472-9770
Sierra Club Lone Star Chapter 512-605-6376
Public Citizen Texas 512-477-1155

For Immediate Release:
March 23, 2017

Railroad Commissioners Fail To 'Self-Police' Conflicts

Study Finds that They Take Political Funds from Energy Interests with Cases Pending at the Agency

Austin—Texas Railroad Commissioners took tens of thousands of dollars from energy interests with cases pending before their agency in recent years, a new study finds, contradicting Texas Sunset Commission testimony in 2012 that claimed that the commissioners "self-police" themselves against such conflicts. The report comes days before the Texas House is scheduled to tackle the Railroad Commission Sunset bill (HB 1818) to extend the agency until 2029. An amendment to rein in conflicts of interest by prohibiting Railroad Commissioners and candidates from accepting campaign funds from parties with cases before the commission is expected to be offered during the House floor debate.

Then-Commissioners Christi Craddick and Barry Smitherman told a 2012 Sunset hearing that commissioners self-police themselves to ensure that they do not take campaign funds from oil and gas interests with business pending before their agency. Their testimony countered then-pending Sunset Commission recommendations designed to prevent such agency conflicts.

As the agency faces yet another Sunset Review, a new 19-page study by the Sierra Club, Public Citizen and Texans for Public Justice tracks eight important agency cases dating back to 2010. The report traces hundreds of thousands of dollars associated with those pending cases to winning Railroad Commission candidates as well as to sitting Railroad Commissioners. The money in question came from PACs, executives and an outside law firm involved in six gas-utility rate cases and two injection-well earthquake cases.

In late 2012, for example, then-Commissioner Smitherman collected $11,000 from Atmos Energy and its law firm, Parsley Coffin Renner, when Atmos and the Parsley firm had two major rate cases pending before the agency. Just two weeks later, Smitherman testified to the Sunset Commission that "the companies self-police this, we self-police it."

With a 2015 case pending to determine if wastewater injections by EnerVest, Ltd. contributed to unprecedented earthquakes outside of Fort Worth, EnerVest's CEO and its Chairman gave Commissioner Ryan Sitton $20,000, Commissioner Craddick $5,000 and Commissioner David Porter $1,000. The Commissioners—who also took tens of thousands of dollars from EnerVest before opening the case—then found no evidence linking EnerVest's waste injections to the earthquakes. That finding contradicted the state's leading seismologists.

“There appears to be no state agency in the nation with closer financial ties to the industry it’s supposed to regulate than the Texas Railroad Commission,” said Public Citizen Legislative Counsel Carol Birch. “The potential for conflicts of interest is enormous.”

“A review of just eight case studies reveals that the Railroad Commissioners misled lawmakers about agency self-policing,” said Texans for Public Justice Director Craig McDonald. “They embraced fake news before it was fashionable.”

The sponsors of this report support Rep. Rafael Anchia’s reform bill H.B. 464 that would prohibit parties to agency cases from contributing to commissioners from the date a contested hearing is announced until 30 days after it is decided. It would just allow sitting commissioners to raise funds during a period starting 17 months before a general election until 30 days afterwards. Other commission candidates would be restricted to that same window, as well as from the time a commission vacancy is created until it is filled. Provisions of that bill are expected to be offered as an amendment to the Railroad Commission sunset bill.

“Chairman Anchia’s bill just makes common sense,” noted Cyrus Reed, Conservation Director of the Sierra Club’s Lone Star Chapter. “Sitting commissioners who are elected statewide should not accept contributions from people who have permitting or rate cases before them.”

Another report released last November by the three non-profit organizations, “Rigged: How the Texas Oil and Gas Industry Bankrolls Its Own Regulators,” documented that the three incumbent Railroad Commissioners raised more than $11 million in recent years, taking 60 percent of it from the oil and gas industry that they’re supposed to regulate.

The new report is available at the following link, “Conflicted: Texas Railroad Commissioners ‘Self-Police’ their Self-Interests.”

###