

# Oncor got a break — pass it on

State wants to be sure tax-cut savings flow to ratepayers



2016 File Photo/Irwin Thompson Oncor has already agreed to return its estimated \$245 million in tax rate savings to consumers. But getting the money to them is a bit complicated.

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## ELECTRICITY

Oncor has already agreed to return its estimated \$245 million in tax rate savings to consumers. But getting the money from the electricity distributor to customers' bank accounts is not as easy as it sounds.

Texas utility regulators are asking transmission companies like Oncor to keep track of how much they save from the recently enacted corporate tax rate cut from 35 percent to 21 percent. The companies, which are state-regulated monopolies, also will be evaluated separately by the staff of the Texas Public Utility Commission.

In many cases, transmission costs — set by the state — are intertwined with retail electricity rates — which are determined by the market.

“It’s really how to get the decrease in transmission rates to flow through to the final retail customers,” Michael Hoke, the PUC’s legislative director, said about the challenge.

That’s complicated since the PUC doesn’t have authority over retail electricity providers, companies such as TXU and Reliant that sell electricity to Texans.

In some cases, electricity contracts call for savings on transmission charges to pass directly to customers untouched.

Those contracts would make the accounting easy.

Others consolidate the retail costs and transmission costs, which leads to fluctuations throughout the year. That adds a level of complication.

Cathy Webking, executive director and general counsel of the Texas Energy Association for Marketers, said retail companies will cooperate with the PUC. But ultimately, Texas’ highly competitive market will force prices down, she said.

“There’s not going to be a [retail electric provider] that’s going to look for some shortterm windfall over retaining the customer relationship,” she said.

The organization that Webking runs represents about 10 retail electricity providers.

Those companies are under no obligation to pass any of their savings to customers.

Hoke agreed that competitive pressure would address some of the tax savings but said it wouldn't happen as quickly as many might like.

“That's a longer-term market force at play rather than something more immediate,” he said.

Besides market pressure, there's political pressure. Before Thursday's PUC meeting, state Sen. Kelly Hancock, R-North Richland Hills, sent the agency a memo raising the possibility of legislative action.

Hancock, chairman of the Senate Commission on Business and Commerce, wrote that all retail electricity providers need to make a public commitment to pass along the full savings from the transmission companies.

“Any deviation from that practice would result in legislative action to clarify the regulatory scope of the Commission during the upcoming 86th Regular Session,” Hancock wrote.

He said the letter was intended to get the companies' attention.

“Our hope all along is that they would just do the right thing,” Hancock said. “I don't think the intent of the president or Congress was that the tax cuts simply get clogged up in large companies and corporations, but that they get passed down to households and consumers.”

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