

Amend CSSB 655 by adding the following section, numbered appropriately, and by renumbering any subsequent sections accordingly:

SECTION _____. (a) The Texas Oil and Gas Commission shall conduct a study of the treatment of tax expenses for the purposes of computing gas utility rates under Subchapter B, Chapter 104, Utilities Code, so the commission can develop methods to avoid the inclusion of hypothetical or non-actual tax expenses in a gas utility's allowable costs of service.

(b) The Texas Oil and Gas Commission in conducting the study shall examine the extent to which federal tax law allows for the commission and other regulatory authorities to consider, in computing gas utility rates under Subchapter B, Chapter 104, Utilities Code, the utility's actual federal income tax liability for a federal tax year, including any deductions, credits, or other benefits that may reduce the federal income taxes owed by the utility.

(c) The Texas Oil and Gas Commission in conducting the study shall undertake to develop methods to allow a reasonable fair share of any savings a gas utility accrues from filing for federal income tax purposes a consolidated or joint return to be considered by the commission or another regulatory authority in computing gas utility rates under Subchapter B, Chapter 104, Utilities Code.

(d) The Texas Oil and Gas Commission shall report the results of the study conducted under this section to the governor, the lieutenant governor, the Public Utility Commission of Texas, and the speaker of the house of representatives not later than December 1, 2012. The report must include any methods developed as a result of the study and recommendations for any legislative authorization necessary or helpful to implement the methods.

(e) This section expires September 1, 2013.