



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 3/25/2025

ALL

Item Creation Date:

ARA - DCFR Deny

Agenda Item#: 54.

**Background:**

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance denying the application of CenterPoint Energy Houston Electric, LLC (CenterPoint or Company) for approval of its Distribution Cost Recovery Factor (DCRF) rate filed with the City of Houston (City or Houston). CenterPoint provides transmission and distribution services to approximately one million Houston customers, of which approximately 900,000 are residential customers. The City exercises original jurisdiction over the rates, operations, and services of CenterPoint under the provisions of the Public Utility Regulatory Act (PURA) for customers inside city limits.

CenterPoint previously filed a DCFR application on December 5, 2024, to increase its DCFR rates, which City Council denied on January 8, 2025. CenterPoint later withdrew that DCFR application. On February 28, 2025, CenterPoint filed this current application requesting a revenue requirement increase of \$122.6 million. Approximately \$70.9 million of the requested revenue requirement is allocated to the residential class. As a result, if this DCFR is approved, the average residential customer using 1,000 kWh per month would experience a \$2.22 increase to the monthly bill.

PURA allows an electric utility to request approval of a DCFR application to adjust its rates for changes in certain distribution costs outside of a full base rates proceeding. The City has only 60 days – until April 29, 2025 – to review the filing to make a determination on the reasonableness of the request. Because of the expedited nature of the filing, the City's rate experts and legal team do not have sufficient time for a full review to determine the reasonableness of the request. Accordingly, the City's legal counsel and utility rate experts recommend City Council adopt an ordinance **denying** CenterPoint's application for approval to amend its DCFR. This will allow the City of Houston to continue to review the request and participate in the appeal at the PUC, which is automatically consolidated with CenterPoint's environs DCFR proceeding already before the PUC.

**Fiscal Note:**

There is no impact to the fiscal budget and no additional spending authority. Therefore, no Fiscal Note is required as stated in the Financial Policies.

**Departmental Approval Authority:**

DS  
EC

DocuSigned by:  
*Tina Paez*

Tina Paez, Director  
Administration & Regulatory  
Affairs Department

Other Authorization

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