



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 9/9/2025

ALL

Item Creation Date: 8/15/2025

ARA - CenterPoint 2025 DCRF Deny

Agenda Item#: 9.

**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) to amend 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 920,000 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.

On August 15, 2025, CenterPoint filed an application for approval to amend its DCRF. CenterPoint filed this application with all cities in its service territory and with the Public Utility Commission of Texas (PUC). Compared to current rates, CenterPoint is requesting a \$55.4 million incremental increase to its DCRF revenue requirement. With the requested increase, the total DCRF revenue requirement adjusted for load growth is approximately \$178.1 million. Approximately \$102.9 million of the total DCRF revenue requirement is allocated to the residential class. As a result, the average residential customer using 1,000 kWh per month would experience a \$0.98 increase to the monthly bill.

PURA allows an electric utility to request approval of a DCRF application to adjust its rates for changes in certain distribution costs outside of a full base rate proceeding. Initially, the utility could file the DCRF application only once a year. However, PURA §36.210 was amended to allow utilities to file a DCRF twice a year. This is CenterPoint’s second DCRF application filed in 2025.

Unlike a full base rate proceeding, the City does not have the option to suspend a DCRF rate request and only has 60 days – until October 14, 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 legal counsel and utility rate experts recommend City Council adopt an ordinance denying CenterPoint’s application for approval to amend its DCRF. The City will continue to review the request and participate in the appeal at the PUC, which is automatically consolidated with CenterPoint’s DCRF proceeding before the PUC.

**Departmental Approval Authority:**

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EC

DocuSigned by:  
*Tina Paez*

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**Tina Paez, Director**  
**Administration & Regulatory**  
**Affairs Department**

**Other Authorization**

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