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APPLICATION OF CENTERPOINT §  
ENERGY HOUSTON ELECTRIC, LLC §  
FOR AUTHORITY TO CHANGE §  
RATES §

PUBLIC UTILITY COMMISSION  
PUBLIC UTILITY COMMISSION  
OF TEXAS  
FILING CLERK

**COMMISSION STAFF'S RESPONSE TO  
CENTERPOINT'S MOTION TO BIFURCATE**

On June 30, 2010, CenterPoint filed a motion to bifurcate this docket.<sup>1</sup> The motion requests that the Commissioners preside over a hearing early in the case to address the legal, policy, and fact issues related to CenterPoint's proposed Rider DCRF.<sup>2</sup>

Staff recommends that the Commission deny CenterPoint's request because Rider DCRF should be considered together with related cost of service and rate design issues. Bifurcating this proceeding would require the Commission to make a decision regarding CenterPoint's proposal without the benefit of a complete record or parties' positions on related issues. For example, Staff and certain intervenors may take the position that, if the Commission approves Rider DCRF, CenterPoint's return on equity should be reduced to account for the accompanying reduction in risk for the company. Staff recommends that the Commission consider Rider DCRF in the context of CenterPoint's full request, rather than addressing that issue in a vacuum.

Staff also notes that the Commission is already considering the legal and policy issues related to a DCRF mechanism in the pending DCRF rulemaking.<sup>3</sup> Simultaneous consideration of CenterPoint's alternative DCRF mechanism in this contested case could complicate the Commission's consideration of those issues.

For these reasons, Staff recommends that the Commission allow the parties to develop a complete record at SOAH for subsequent consideration by the Commission.

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<sup>1</sup> Motion of CenterPoint Energy Houston Electric, LLC to Bifurcate Alternative Ratemaking Mechanism for an Initial Commissioner-Led Hearing (June 30, 2010). Staff received CenterPoint's motion on June 30, 2010.


<sup>2</sup> *Id.* at 1.

<sup>3</sup> *Rulemaking Related to Recovery by Electric Utilities of Distribution Costs*, Project No. 38298, Proposal for Publication of New §25.243 as Approved at the June 11, 2010 Open Meeting (June 11, 2010).

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on July 7, 2010,  
in accordance with P.U.C. Procedural Rule 22.74.



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Patrick H. Peters III