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March 21, 2011

VIA E-MAIL: rule-comments@sec.gov

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Securities and Exchange Commission File No. S7-18-08;
Release No. 33-9186; 34-63874

Ladies and Gentlemen:

Entergy Corporation (“Entergy”) and each of its seven utility subsidiaries described herein appreciate the opportunity to offer comments on the Securities and Exchange Commission’s (the “Commission”) proposed rule amendments to remove references to credit ratings in rules and forms promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Commission published the proposed rule changes at 76 Fed. Reg. 8946 on February 16, 2011 (Release No. 33-9186; 34-63874; File No. S7-18-08; referred to herein as the “Release”). In 2008, the Commission proposed similar rule changes at 73 Fed. Reg. 40106 but did not act on that proposal (the “2008 Proposal”). At that time, several utility holding companies and the Edison Electric Institute responded with concerns about the impact that the 2008 Proposal would have on subsidiaries in utility holding company structures. We believe those concerns apply equally to the current Release. Specifically, we herein comment on the changes to the eligibility requirements for the use of Form S-3 under the Securities Act, as we believe the changes proposed could have a detrimental impact on the ability of Entergy’s utility subsidiaries to access the capital markets in a timely, efficient and cost-effective manner. For the reasons stated below, we believe that any public utility company should be eligible to register non-convertible securities to be offered for cash on Form S-3 if the issuance of the securities being registered requires the authorization of any federal, state or local governmental authority.

Entergy is a “well-known seasoned issuer” (“WKSI”) with a market capitalization of over \$11 billion as of March 15, 2011. It is one of the largest public utility holding company systems in the United States, with six retail utility operating subsidiaries— Entergy Arkansas, Inc. (“Entergy Arkansas”), Entergy Gulf States Louisiana, L.L.C. (“Entergy Gulf States”), Entergy Louisiana, LLC (“Entergy Louisiana”), Entergy Mississippi, Inc. (“Entergy Mississippi”), Entergy New Orleans, Inc. (“Entergy New Orleans”) and Entergy Texas, Inc. (“Entergy Texas”). Entergy also holds all the stock of

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System Energy Resources, Inc. (“System Energy”), which sells nuclear power and capacity at wholesale to Entergy Arkansas, Entergy Louisiana, Entergy Mississippi and Entergy New Orleans. The six retail utility operating subsidiaries and System Energy are referred to herein as the “Entergy utility subsidiaries.”

The rates and services of each of the Entergy utility subsidiaries are determined in regulatory proceedings. Governmental authorities, including the Arkansas Public Service Commission, the Council of the City of New Orleans, the Louisiana Public Service Commission, the Mississippi Public Service Commission, the Public Utility Commission of Texas and the Federal Energy Regulatory Commission, are primarily responsible for approval of rates charged to their customers. Acquisitions and sales of their utility properties generally require approval by one or more of these authorities. The issuance and sale of securities by each of the Entergy utility subsidiaries is subject to regulatory approval, which generally requires that the issuance be consistent with the public interest and the issuer’s performance as a public utility. As of December 31, 2010, the Entergy utility subsidiaries accounted for approximately 78% of Entergy’s consolidated revenues, 80% of Entergy’s consolidated assets and 65% of Entergy’s consolidated net income.

Each of the Entergy utility subsidiaries is a separate legal entity with its own assets and liabilities, and, like many electric public utilities throughout the United States, each of the Entergy utility subsidiaries is a subsidiary of a non-operating holding company and issues its own debt securities to finance its own operations. Utility regulatory principles require each public utility to be a financially discrete entity that is financially viable on a stand-alone basis. A subsidiary utility company is not permitted to guarantee the debt of other utilities or its parent holding company. As a result, like most electric public utilities operating in holding company systems in the United States, debt securities are issued directly by each Entergy utility subsidiary rather than by its holding company with a subsequent contribution or loan by the holding company to the utility subsidiary, as is often done in other industries.

Each of the Entergy utility subsidiaries files periodic reports under the Exchange Act and meets the Registrant Requirements of General Instruction I.A of Form S-3. Each of the Entergy utility subsidiaries currently has non-convertible investment grade debt securities registered on Form S-3 in reliance upon the Transaction Requirement of General Instruction I.B.2 of Form S-3 (“General Instruction I.B.2”). In the three-year period commencing January 1, 2008, the Entergy utility subsidiaries have used registration on Form S-3 to sell an aggregate of \$3.78 billion of non-convertible investment grade debt, specifically, long-term secured debt, as follows:¹

¹ During the same period, Entergy Gulf States issued \$375 million of first mortgage bonds in an offering pursuant to Rule 144A, which were subsequently exchanged for registered bonds through use of

<u>Registrant</u>	<u># of Offerings</u>	<u>Aggregate Amount</u>
Entergy Arkansas	3	\$875 million
Entergy Gulf States	2	\$550 million
Entergy Louisiana	5	\$1,250 million
Entergy Mississippi	2	\$230 million
Entergy New Orleans	1	\$25 million
Entergy Texas	3	\$850 million
System Energy	0	\$0

If General Instruction I.B.2 were amended as proposed in the Release, the only Entergy utility subsidiary that would currently be eligible to continue to use Form S-3 to offer securities would be Entergy Louisiana.

As of December 31, 2010, the Entergy utility subsidiaries had over \$7.6 billion in long-term debt outstanding, most of which had been issued in public offerings or in offerings pursuant to Rule 144A that were subsequently exchanged for debt registered on Form S-4. Several series of these debt securities are listed on the New York Stock Exchange. Additionally, other than Entergy Texas, each of the Entergy utility subsidiaries (or their predecessors) has been filing periodic reports under the Exchange Act for decades.² Moreover, similar to many other utility systems, the Entergy utility subsidiaries join, and, except for relatively new Entergy Texas, have for a significant period joined, Entergy in the filing of combined Forms 10-K, Forms 10-Q, and, as applicable, Forms 8-K. Entergy and the Entergy utility subsidiaries are unquestionably widely followed in the market.

We understand that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) requires the Commission to review any references to credit ratings in its regulations; however, we are concerned with the proposal to replace the investment grade securities provisions of Form S-3³ with a requirement that a registrant have issued over \$1 billion of non-convertible securities for cash in registered, primary offerings within the previous three years (the “Billion Dollar Test”).

In the Release, the Commission acknowledged that the proposed standard would result in an estimated 29 utility companies that are currently eligible to use Form S-3

Form S-4, and Entergy Gulf States, Entergy Louisiana and Entergy Mississippi issued through governmental entities an aggregate of approximately \$260 million of tax-exempt bonds.

² Entergy Texas began filing periodic reports on June 27, 2008, subsequent to its organization as of December 31, 2007 and its filing of a Form 10 on March 14, 2008 to register its common stock under the Exchange Act.

³ The transaction requirement in General Instruction I.B.2.

losing that eligibility. That is a significant portion of the total of approximately 45 companies that the Commission believes would lose eligibility. We suspect that this calculation may underestimate the true impact of the proposed standard on the utility industry because we have difficulty understanding, given the significant number of utility systems, how the Entergy system could represent approximately 21% of the 29 utility companies. We think that this understatement may have resulted from many eligible utility subsidiaries, including System Energy, choosing not to make, or being limited in making, public offerings due to difficult market conditions or, in certain situations, only holding companies being included in the number without counting any of their eligible subsidiaries. As noted above, of the seven Entergy utility subsidiaries, only one would currently satisfy the Billion Dollar Test. Although the Entergy utility subsidiaries have historically entered the capital markets frequently to issue long-term debt securities, the amount of such offerings by each of them will vary greatly based on capital expenditures and market conditions beyond our control. On an ongoing basis, we doubt that any of the Entergy utility subsidiaries will satisfy the Billion Dollar Test except in unusual circumstances for brief periods of time.

The loss of the eligibility to use Form S-3 would require issuers to use the more time consuming, more expensive, and less flexible Form S-1 or to make private offerings. We are concerned that the increased costs associated with not being eligible to use short-form registration, which will decrease market access and efficiency, will be passed on to our utility customers in the form of higher rates. As a practical matter, we anticipate that offerings by the Entergy utility subsidiaries and many other companies similarly affected would consist mostly of private offerings. Accordingly, we believe the Commission should consider alternatives to the Billion Dollar Test for the following reasons:

1. *Widely Followed in the Market*

The Commission stated in the Release that “[i]n today’s proposals, we seek to reduce our reliance on credit ratings for regulatory purposes while also preserving the use of Form S-3 (and similar forms) for issuers that we believe are widely followed in the market.”

Given the significant amount of their outstanding debt, we believe that not only Entergy but also the Entergy utility subsidiaries are widely followed in the market. As discussed above, the Entergy utility subsidiaries other than relatively new Entergy Texas have been filing Exchange Act reports for many years. To evaluate the parent in a utility holding company structure, investors must necessarily evaluate its utility subsidiaries because they are almost always the primary sources of the parent’s revenues, assets and net income.

2. *Regulated Nature of the Entities*

The issuances of debt and equity securities by the Entergy utility subsidiaries are regulated by either the Federal Energy Regulatory Commission, a state utility commission or, as to Entergy New Orleans, the Council of the City of New Orleans, which generally require that the issuances be consistent with the public interest and the issuer's performance as a public utility. These governmental authorities authorize rates designed to enable the utility companies to service their debt and other obligations and earn an appropriate rate of return. In light of these regulatory safeguards and review, a long-form registration requirement before the Commission seems unnecessary.

3. *Long Reporting History and Use of Short-Form Registration*

Entergy's corporate structure is similar to that of most other electric and gas utility systems in the United States. Subsidiaries within utility holding company structures have been eligible under the Commission's rules to use short-form registration statements for debt securities since the early 1950s, first Form S-9, next Form S-7, then Form S-16 and ultimately Form S-3.

One impetus behind the Dodd-Frank Act was the disruption in 2008 and 2009 in the capital markets. That disruption involved asset-backed securities and structured products. At no time during the market turmoil were issuances of securities by public utilities questioned, including issuances of utility bonds secured by liens on utility property; however, the market disruption did highlight the need for quality issuers, like utilities, to be able to access the markets quickly when conditions were optimal. Loss of the ability to use Form S-3 would make that impossible. In view of the Commission's efforts and intent in recent years to expand access to the capital markets for quality issuers (see, e.g., the expansion of Form S-3 eligibility in 2007, Release No. 33-8878, and the 2005 Securities Offering Reform, which sought to streamline the registration process for most types of reporting issuers (Release No. 33-8591)), and given the successful use of short-form registration for utility subsidiaries over the years, we do not believe that a new eligibility standard that, by the Commission's own count, would strip Form S-3 eligibility from the utility subsidiaries of at least 29 utility holding company systems, including at least six of Entergy's utility subsidiaries, is appropriate.

For these reasons, although we understand the need to remove the references to credit ratings from Form S-3, we do not believe that the Billion Dollar Test is the appropriate replacement. For the reasons stated above, we would suggest that General Instruction I.B.2 be amended to read as follows (with our suggested additions to the language proposed in the Release being in brackets):

2. Primary Offerings of Non-convertible Securities. Non-convertible securities to be offered for cash by or on behalf of the registrant, provided [(i)] the issuer, as of a date within 60 days prior to the filing of the registration statement on this Form, has issued in the last three years at least \$1 billion aggregate principal amount of non-convertible securities, other than common equity, in primary offerings

for cash, not exchange, registered under the Act[, or (ii) the issuer is a public utility company and the issuance of the securities being registered requires the authorization of any federal, state or local governmental authority].

In addition to a public utility standard for Form S-3 eligibility, we would also support, as noted in the Commission's Question 8 in the Release, the "grandfathering" of continued Form S-3 eligibility for any issuer that was eligible under General Instruction I.B.2 as of the date of the Commission's action on its proposal and other standards that may be of more general applicability. We would not want, however, such alternate standards added in lieu of the standard we are suggesting because we believe that the standard that we are suggesting would most appropriately address the concerns and needs of public utilities such as the Entergy utility subsidiaries while providing adequate safeguards to the investing public.

If the Commission has any questions regarding this letter, please call or write Daniel T. Falstad, Associate General Counsel, Entergy Services, Inc., 639 Loyola Avenue, L-ENT-26B, New Orleans, Louisiana 70113, dfalsta@entergy.com, (504) 576-2095.

Very truly yours,

ENTERGY CORPORATION
ENTERGY ARKANSAS, INC.
ENTERGY GULF STATES LOUISIANA, L.L.C.
ENTERGY LOUISIANA, LLC
ENTERGY MISSISSIPPI, INC.
ENTERGY NEW ORLEANS, INC.
ENTERGY TEXAS, INC.
SYSTEM ENERGY RESOURCES, INC.

By: 

Name: Robert D. Sloan

Title: Executive Vice President, General Counsel
and Secretary