United States of America
Securities and Exchange Commission

References to Ratings of Nationally Recognized Statistical Rating Organizations	)	**SEC Release Nos. 33-9069; 34-60790**
	)	**File No. S7-18-08**

Comments of the Edison Electric Institute

The Edison Electric Institute ("EEI") appreciates the opportunity to comment again on the Securities and Exchange Commission's (the "Commission's") proposed rule amendments ("proposed rule changes") to the eligibility requirements for the use of Form S-3 under the Securities Act of 1933 (the "Securities Act"). The Commission originally published the proposed rule changes at 73 Fed. Reg. 40106 on July 11, 2008 (the "Securities Act Proposing Release"), and invited comments by September 5, 2008. EEI submitted comments on September 5, 2008. The Commission re-opened the comment period and requested further comment on the proposed rule at 74 Fed. Reg. 52374 on October 9, 2009.

EEI is the association of the United States shareholder-owned electric companies, international affiliates, and industry associates worldwide. Our U.S. members serve 95 percent of the ultimate customers in the shareholder-owned segment of the industry, and represent approximately 70 percent of the U.S. electric power industry.

As we stated in our September 2008 comment letter, EEI recognizes the potential merit in the Commission's goal of reducing conflicts in the credit rating process, fostering comparability among credit rating agencies ("CRAs"), and increasing transparency of the credit ratings process. EEI agrees that additional disclosure by a registrant about credit ratings, their limitations and potential conflicts of interest, in a particular offering, as proposed by the Commission on October 7, 2009, will better inform investors about the complex ratings process and the quality or reliability of ratings, allowing investors to make a more informed decision about whether or not to purchase the securities being offered. But EEI strongly believes that a requirement that a registrant must have issued $1 billion of non-convertible securities in registered primary offerings over the prior three years is an inappropriate alternative to the references to credit ratings by Nationally Recognized Statistical Rating Organizations in Securities Act Rule 415 and Form S-3.

Without restating in detail our comments as set forth in our September 2008 letter, we believe that the Commission's proposed eligibility standard would adversely impact many electric utilities without a corresponding benefit to investors and

would not achieve the Commission's goal of reducing market reliance on credit ratings.

In addition, we believe that the three year look-back in the proposed rule would prove very difficult for many registrants to satisfy in the current economic environment, during which the credit markets have been intermittently frozen for periods during and after September 2008, and debt offerings were not prevalent. We respectfully submit that the number of issuers who would be no longer S-3 eligible as a result of the proposed rule changes would be larger than that indicated by the Commission's preliminary review, contrary to the Commission's goal of not significantly reducing the number of Form S-3 issuers. We believe that number is likely larger now than our prediction in September 2008 due to the decline in the total value of debt offerings over the past 14 months. Given that some estimates suggest that up to 80% of the utility sector's $110 billion of credit facilities are expected to expire in 2011 and 2012, with a possible 30% reduction in available credit, utilities will likely be turning to the capital markets for their financing needs. The Commission's proposed rule changes would put many of these issuers at an unfair disadvantage and likely result in increased interest and issuance expense, in turn increasing the cost of electricity to consumers.

We also believe that investors in the public markets will be negatively rather than positively impacted by application of the proposed rule changes because those investment-worthy registrants who could not satisfy the proposed Form S-3 standards would likely turn to the private markets instead of the public markets to timely satisfy their financing needs. The result would be a decrease in the availability of quality investment grade securities to retail investors, and a probable increase in the overall cost of the instruments and thereby, in the utility context, an increase in the costs passed on to consumers through increased rates.

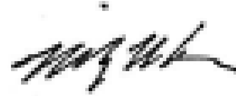
Finally, we reiterate that, as noted in the Commission's proposed rule, the recent market turmoil was instigated by asset-backed securities ("ABS") and, more specifically, ABS related to mortgages and collateralized debt obligations. In contrast to such securities, the metrics used by the CRAs to determine the ratings for traditional non-ABS debt securities issued by industrial companies, utilities, and others are well established, time-proven, and have not been questioned. These ratings historically have provided, and continue to provide, investors with a strong and reliable analytic tool to use, along with other available information, in making their investment decisions. Therefore, with respect to non-ABS issuances, we believe that recent market events do not signal the need to alter the Commission's position on the ratings assigned by CRAs for such investment grade issuances.

In summary, while EEI recognizes the potential merit in the Commission's goal of increasing transparency of the credit ratings process in individual offerings, we believe that increased and meaningful disclosure of the credit ratings process is the better way to achieve these goals, rather than dramatic changes to Form S-3 eligibility rules. If the Commission determines that some proposed rule changes are necessary, we urge the Commission to adopt the group of alternatives

discussed in our letter of September 8, 2008, in order to minimize the adverse impact on issuers currently able to rely on the securities rating criteria.

If the Commission has any questions about these comments, please contact me at 202-508-5571. Thank you.

Respectfully submitted,



Richard F. McMahon, Jr.
Executive Director
Finance and Energy Supply
Edison Electric Institute
701 Pennsylvania Ave., NW
Washington, DC 20004

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Via e-mail: rule-comments@sec.gov