

**STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
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July 30, 2008

Hon. Gerald Lynch
Hon. David Prestemon
Administrative Law Judges
Gerald_Lynch@dps.state.ny.us
David_Prestemon@dps.state.ny.us

Re: Case 08-E-0077 – Entergy Corporation, et al. – Joint Petition for a Declaratory Ruling Regarding a Corporate Reorganization, or, in the Alternative, an Order Approving the Transaction and an Order Approving Debt Financing.

Dear Judges Lynch and Prestemon:

We offer the following observations in response to your July 23 ruling in the captioned case.

We have been unable to get adequate responses to essential discovery. Accordingly, we may be unable to provide meaningful comments by the deadlines you propose. In its petition and subsequent interrogatory responses Entergy's position has been that a decline in its debt rating from investment grade to junk bond status will reduce its cost of capital. This seems counterintuitive to us, although it may be possible. We have requested the company's analysis and have not received adequate responses to our interrogatories.¹ We may be able to clarify the company's position at this Friday's parties' meeting. Accordingly, we propose that the Judges not adopt the schedule they proposed until it is clear that parties have had the discovery they need. We propose that the parties report to the Judges on the status of discovery sometime next week, perhaps in a conference call on Wednesday, August 6. If our discovery issues are resolved by then we would support adoption of a schedule along the lines of that proposed in the Ruling.

Several of the petitioner's interrogatory responses suggest that it has a relatively narrow view of the Commission's role in reviewing this transaction. The Ruling's

¹ See e mail to Gregory Nickson from Peter Catalano at 1:27 PM on July 28.

discussion of “Issues Subject to Comments” (Ruling, pp. 9-12) correctly summarizes the required inquiry; it should not be narrowed.

Very truly yours,

Leonard Van Ryn
Peter Catalano
Staff Counsel

c: parties