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RECEIVED

September 3, 2008

SEP 03 2008

PUBLIC SERVICE
COMMISSION

Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Case No. 2007-00455

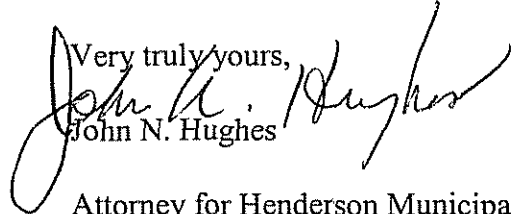
Dear Ms. Stumbo:

In response to the letter of August 29th, the City of Henderson Utility Commission, (Henderson) believes it necessary to clarify and supplement the comments of E.ON and Big Rivers to avoid the conclusion that the City agrees with E.ON's statement and the perception that its failure to respond would be interpreted as agreement with its conclusions.

Henderson has proposed a number of offers and options to Big Rivers and E.ON in an effort to resolve the issues. Recently, the Chairman of the Utility Commission held meetings with the Chairman of Big Rivers. However, those discussions failed to resolve the two key issues: Excess Energy sales and Station Two maintenance and repair expenses reflected in the independent engineering reports, which have been made part of the record in this case.

The other area of concern is the assumption by E.ON that the Henderson issues can best be resolved after the Commission issues its final order approving the unwind. No support for this conclusion is provided and Henderson is aware of none. The issues being discussed are independent of and unrelated to any action the Commission may take in approving the unwind. Henderson's position now will be its position post decision. Henderson is unaware of any circumstances that will exist after approval of the unwind that do not exist now as far as the contract issues stand. Henderson is unaware of any circumstance post decision that would alter the facts surrounding the issues or which would alter its stance. For these reasons, the Commission should not base a determination to approve the unwind or a decision to even proceed with the review of the unwind on the assumption that the position of Henderson will be affected by or will be altered as a result of the decision in this case should the unwind be approved.

The City is not awaiting the Commission's decision as a basis for accepting the asserted "good faith offers" of Big Rivers or E.ON or otherwise resolving the issues with Big Rivers and E.ON.

Very truly yours,

John N. Hughes

Attorney for Henderson Municipal
Power & Light

CC: Parties of Record