

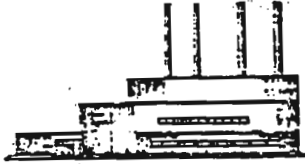
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B. L. PERRY
General Manager



MUNICIPAL POWER & LIGHT

OPERATED BY CITY UTILITY COMMISSION
P.O. BOX 8
HENDERSON, KENTUCKY 42420
(502) 826-2726

July 30, 1984

Mr. William H. Thorpe, General Manager
Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420

Re: Letter Agreement - HMP&L Contract with SEPA

Dear Bill:

Hereinafter set forth is the mutual understanding of Big Rivers Electric Corporation and the Utility Commission for the City of Henderson, Kentucky regarding the contract to be executed by the Utility Commission for the purchase of peaking capacity and associated energy from the Southeastern Power Administration effective July 1, 1984 (HMP&L-SEPA Contract). The Utility Commission will enter into the HMP&L-SEPA contract in reliance upon Big Rivers' concurrent commitments as expressed herein.

1. Big Rivers will perform all the duties and obligations assigned to it in the HMP&L-SEPA contract.
2. Big Rivers will, on an annual basis, accept and pay for all capacity and associated energy under the HMP&L-SEPA contract not reserved nor scheduled by HMP&L during the entire term of such contract.
3. HMP&L will not reserve any capacity nor take any associated energy under the HMP&L-SEPA contract prior to June 1, 1985.
4. Not later than October 31 of each year from 1984 through 1993, inclusive, HMP&L will notify Big Rivers in writing setting forth the amount of capacity that HMP&L elects to reserve and take under the HMP&L-SEPA contract during its next succeeding fiscal year.
5. Big Rivers will provide firm transmission to deliver energy scheduled by HMP&L under the HMP&L-SEPA contract through its transmission lines with compensation to Big Rivers in accordance with Section 2.2, Article 2 of Service Schedule F in the Big Rivers-Hoosier Energy-Henderson Municipal Power and Light-Southern Illinois Power Cooperative interconnection agreement dated April 30, 1968 as amended.


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6. Big Rivers agrees that thirty-three and one-third percent (33 1/3%) of the peaking capacity purchased by HMP&L under the HMP&L-SEPA contract will qualify as "firm capacity purchased from others" under Numerical Paragraph 2.1(c) of the System Reserves Agreement between the parties dated January 1, 1984.
7. HMP&L will pay SEPA directly for all charges incurred under the HMP&L-SEPA contract according to its terms and Big Rivers will pay HMP&L in a like manner for capacity reserved and energy scheduled by Big Rivers.

If you concur with the foregoing terms and conditions, please execute this letter in behalf of Big Rivers in the space provided and return same to me. Your prompt attention to this matter is appreciated.

Very truly yours,



B. L. Perry, General Manager

BIG RIVERS ELECTRIC CORPORATION

By Walter Henshaw