



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-0404

Mail Stop 3561

January 13, 2009

Ms. Holli C. Nichols  
Executive Vice President and Chief Financial Officer  
Dynergy Inc.  
Dynergy Holdings Inc.  
1000 Louisiana, Suite 5800  
Houston, Texas 77002

**Re: Dynergy Inc.**  
**File No. 1-33443**  
**Dynergy Holdings Inc.**  
**File No. 0-29311**  
**Form 10-K for the Fiscal Year Ended December 31, 2007**  
**Filed February 28, 2008**  
**Form 8-K Filed August 7, 2008**  
**Form 10-Q for the Quarterly Period Ended September 30, 2008**  
**Filed November 6, 2008**

Dear Ms. Nichols:

We have reviewed the responses in your letter filed on October 14, 2008 and have the following additional comments. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Form 10-K for the Year Ended December 31, 2007

Financial Statements, page F-1

Notes to Consolidated Financial Statements, page F-17

Note 19 – Commitments and Contingencies, page F-64

Legal Proceedings, page F-64

1. We have reviewed your response to prior comment 9. Unless you believe that the likelihood of an adverse judgment is remote in the legal proceedings related to your Danskammer, Roseton and Moss Landing plants, we continue to believe you should provide your readers with insight into your exposure by quantifying the estimated cost of installing a closed cycle cooling system. Notwithstanding the fact that this would be a capital expenditure, we believe that the best practice is to quantify your exposure under the reasonably possible outcome of receiving an adverse judgment in the same location as the rest of your disclosures concerning this matter, as we believe providing comprehensive disclosures in one location assists in reader comprehension. Additionally, it appears that such disclosure would be necessary, at a minimum, in MD&A as part of providing your readers with a view of the company through the eyes of management by analyzing uncertainties that are reasonably possible and could have a material impact on your financial statements or liquidity. Refer to Item 303 of Regulation S-K and our Release No. 33-8350.

Other Commitments and Contingencies, page F-69

2. We have reviewed your response to prior comment 10 and have the following comments:
  - We believe the extent to which you are obligated to make future capital expenditures under the Midwest Consent Decree may be unclear to your readers from your current disclosure. Please expand your disclosure to clarify that if the costs of these capital expenditures became great enough to render the operation of the affected facilities uneconomical, you could, at your option, cease to operate the facilities and forego these capital expenditures without incurring any further obligations.
  - Notwithstanding the fact that these are capital expenditures, we believe that the best practice is to quantify the expected impact of this consent decree in the same location as the rest of your disclosures concerning this

Ms. Holli C. Nichols  
Dynegy Inc.  
Dynegy Holdings Inc.  
January 13, 2009  
Page 3

matter, as we believe providing comprehensive disclosures in one location assists in reader comprehension. Additionally, it appears that such disclosure would be necessary, at a minimum, in MD&A as part of providing your readers with a view of the company through the eyes of management by disclosing expected future capital expenditures that could have a material impact on your financial statements or liquidity. Refer to Item 303 of Regulation S-K and our Release No. 33-8350.

Form 10-Q for the Quarterly Period Ended September 30, 2008

3. We note your response to prior comment 2 from our letter dated September 29, 2008 and your disclosure controls and procedures discussion in the above referenced Form 10-Q. Please ensure that you apply our prior comment regarding your disclosure controls and procedures to your Forms 10-Q.

Form 8-K Filed August 7, 2008

4. We note your response to prior comment 15 from our letter dated September 29, 2008 concerning your reconciliation between Adjusted Cash Flow from Operations and Adjusted EBITDA. In future filings, please clarify to your readers why you believe this disclosure provided useful information to your investors, as the purpose of this disclosure may be unclear.

\* \* \* \* \*

As appropriate, please respond to these comments within 10 business days or tell us when you will provide us with a response. Please furnish a letter that keys your responses to our comments and provides any requested information. Detailed letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your response to our comments.

You may contact Yong Kim at (202) 551-3323 if you have any questions regarding these comments. Please contact me at (202) 551-3737 with any other questions.

Sincerely,

Jennifer Thompson  
Branch Chief