

AmerenCILCO's, AmerenCIPS' and
AmerenIP's Response To
The People of the State of Illinois
Illinois Attorney General Data Request
Docket Nos. 05-0160, 05-0161, and 05-0162
Proposal to Implement a Competitive Procurement Process

Data Request No. AG 2.2:

Mr. Blessing testifies, at 104, that "the full requirements BGS-FP product places certain risk, including price and volume risk, on the BGS suppliers." Does Mr. Blessing believe that the risk of supplying service at fixed prices is likely to increase as the term across which the service is to be provided increases?

Response:

It is the witness' belief that the risk of supplying service at fixed prices is directly related to the supplier's ability to hedge such risk in the market. To the extent suppliers have less ability to hedge for longer term products than for shorter term products, this could increase the risk of supplying longer term service at fixed prices.

Witness Responsible: James Blessing
Title: Managing Supervisor – Power
Supply Acquisition
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Date: June 2, 2005