



Allegheny Energy, Inc.

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June 20, 2002

VIA OVERNIGHT DELIVERY & E-MAIL

Mr. William F. Stephens, Director  
Division of Energy Regulations  
Virginia State Corporation Commission  
1300 E. Main Street  
Richmond, VA 23219

**Re: Initial Comments on Senate Bill 684**

Dear Mr. Stephens:

The enclosed initial comments are provided on behalf of Allegheny Energy Supply, LLC in response to your letter dated May 29, 2002.

If you have questions or need additional information in connection with these comments, please contact me or Mr. David Bevilacqua at 412-858-5490.

Sincerely,

A handwritten signature in black ink that reads "Kathy L. Mitchell". The signature is written in a cursive, somewhat stylized script.

Kathy L. Mitchell  
Senior Attorney

Enclosure

c: Mr. David Bevilacqua – Monroeville (w/encl.)  
Mr. Paul Kramer – Monroeville (w/encl.)

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## INITIAL COMMENTS OF ALLEGHENY ENERGY SUPPLY, LLC

In response to Mr. Stephen's letter dated May 29, 2002 in connection with Senate Bill 684, Allegheny Energy Supply, LLC, the merchant generation and energy trading subsidiary of Allegheny Energy, Inc., hereby provides the following initial comments.

These comments are directed to the feasibility, effectiveness, and value of collecting information relative to the location and operation of specified electric generating facilities detailed in Section A of SB 684. Allegheny Energy Supply believes that the value of collecting this information for the purpose of determining the adequacy of energy infrastructure in Virginia is minimal.

The generation and transmission of electricity is an interstate endeavor. Low cost, excess generation exists in adjacent states that can be delivered to customers in Virginia. Focusing solely on the amount of Virginia generation and its performance could lead to misleading assessments about the adequacy of the Commonwealth's generation infrastructure. While much of this information is publicly available, and Allegheny Energy Supply respects the State Corporation Commissions intent to maintain the confidentiality of this information, unintentional compromise of this confidentiality could lead to market manipulation by competing generators.

Numerous organizations, including the North American Electric Reliability Council (NERC), the Federal Energy Regulatory Commission (FERC), and most importantly, the market function of a regional transmission organization (RTO) will exist in part to address the adequacy of the regional generation and transmission infrastructure. This information ranges from the real time data of an RTO's market information to the more long-term NERC reliability data. In addition to data collection, these organizations promulgate rules for generators and load serving entities that serve to address the adequacy of the energy infrastructure. Allegheny Energy Supply believes that the potential exists for duplicative data collection and conflicting rules between the State Corporation Commission and the above organizations, and as such believes that the emphasis should be placed on utilization of existing information for the Commission's purposes.

Respectfully submitted,

*David J. Bevilacqua / inh*

David J. Bevilacqua  
Director, Development Engineering  
& Technical Support