

Roanoke Gas

519 Kimball Avenue, N.E.
P.O. Box 13007
Roanoke, Virginia 24030
540 777-4427

August 2, 2002

AUG 05 2002

ENTERED

Mr. William F. Stephens
State Corporation Commission
P. O. Box 1197
Richmond, VA 23218

RE: Senate Bill 684

Dear Bill:

Thank you for your letter of July 22, 2002 regarding Senate Bill 684 and follow-up items from the work group meeting on July 17, including a request to detail information currently provided to the Commission.

Roanoke Gas Company currently provides a "Gas Utility Five-Year Forecast" to the SCC Division of Economics and Finance on an annual basis. The section of the report labeled "Demand Gas Purchases, A. Daily Demand" provides historical, current, and projected daily deliverability from pipeline, storage and LNG facilities. The section of the report labeled "Load Forecasts, III Design Day Sendout" provides historical actual demand and current and projected demand. For example, the forecasted Roanoke Gas Company design day demand for 2002 was 104,800 decatherms and the 2002 capacity availability was 113,072 (transportation 52,755, storage 27,317, and LNG 33,000). This implies a capacity reserve of 8%, assuming the LNG facility could produce at 100% capacity for 24 hours. Assuming 90% LNG plant vaporization efficiency, the total available supply would be 109,772 indicating a reserve capacity of 5%.

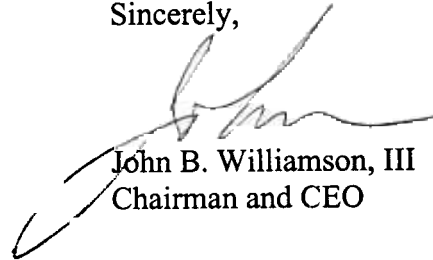
In theory and assuming uniformity of reporting by the various companies, the reports could be used to develop a picture of the total peak day demand and available capacity of the various local distribution gas companies on a design day. The missing link, of course, would be how much capacity may be held by marketers, large industrials who hold capacity directly, and power generators, and their corresponding demand. In addition, these reports do not analyze the natural gas demand that would be interrupted, for the interruptible class of customer, although I suppose it could be reasonably estimated from the "Average Daily Load" section of the report.

The report does not address total potential annual peak year demand and the adequacy of pipeline and storage volume for the LDC, and of course it does not address the annual capacity adequacy of marketers and independently held capacity.

Mr. William F. Stephens
August 2, 2002
Page 2

Unfortunately, I cannot attend the August 14 meeting of the work group, but I look forward to participating at future meetings. I am available to meet with Staff at any mutually convenient time to discuss whether changes or enhancements to the format of the five-year forecast would be useful in addressing the concerns of Senate Bill 684, or otherwise beneficial to the Company and the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read "John B. Williamson, III". The signature is written in a cursive style with a long, sweeping underline that extends to the left and then loops back under the name.

John B. Williamson, III
Chairman and CEO

cc: Dale P. Moore
Michael A. Gagnet