

Edward J. Rivas, Jr.
Senior Vice President

Dominion Energy
Dominion Generation
Innsbrook Technical Center
5000 Dominion Boulevard, Glen Allen, VA 23060
Phone: 804-273-3990



June 18, 2002

JUN 25 2002

Mr. William F. Stephens
Director
State Corporation Commission
Division of Energy Regulation
1301 E Main Street
Richmond, Virginia 23219-3630

Dear Mr. Stephens:

Thank you for your letter of May 29, 2002 in which you refer to the Commission's duties as directed by Senate Bill 684, and invite representatives of Dominion Virginia Power to participate in a stakeholder meeting to address the questions raised in that legislation. Dominion Virginia Power shares the desire of the General Assembly and the Commission to see that Virginia has an adequate energy infrastructure and we look forward to participating in this process. Representatives of the company will be attending the stakeholder's meeting that you have scheduled for July 10, 2002 to "...study the feasibility, effectiveness and value..." of collecting certain data and information on Virginia's energy infrastructure as specified in Senate Bill 684.

In addition, your letter asked that we provide written comments addressing the "...feasibility, effectiveness and value..." of collecting the information detailed in Senate Bill 684, by June 20, 2002. Although you directed your request to Mr. David Koogler and to Mr. Joseph Kienle, Dominion Virginia Power is providing a single, consolidated reply at this time. In response to this request we would like to provide the following initial comments and observations.

Before addressing any of the particular items specified in Senate Bill 684, we would like to point out that historical data of the type requested, which may be available and can probably be provided by the various parties, should be recognized as a snapshot of an industry that is evolving from a highly regulated and vertically integrated monopolistic structure towards an unbundled competitive structure. While such a database would provide a retrospective view of energy generation and delivery resources and their manner of operation, it is likely to become increasingly outdated as regional transmission organizations (RTOs) begin operating and energy markets mature. The requested information, if compiled, should therefore be used with caution as a baseline in monitoring the future adequacy of the energy infrastructure in the Commonwealth.

Dominion Virginia Power's initial comments on each section of Senate Bill 684 are as follows:

§ 1(A): Collection of the data requested for Dominion Virginia Power generation facilities over the specified period could be accomplished. However with the establishment of RTOs, the use of traditional control areas to delineate boundaries for the purpose of assessing adequacy of generation will have limited value. Similarly, attempts to distinguish load served in Virginia from that of other customers in other states in the region may be of little value in assessing adequacy of generation. In your letter you asked that in responding, we give consideration to the Commission's responsibilities under the Restructuring Act. In that context, we see no real problem with the collection of the historical data over the period specified in Senate Bill 684, but the deregulated nature of the generation business after December 31, 2001 leaves questions about the value of such data in monitoring reliability.

§ 1 (B): The historical transmission data requested is available, although the data requested in (ii) is only retained by the company for three years. This data may provide some insight into the utility's ability to import, export or transfer energy into its control area; however, it would not reflect internal constraints on transmitting energy within the utility's system. Moreover, concerns regarding inter-system constraints will need to be addressed in the context of the RTO, which when implemented, will assume the role of managing an integrated transmission system over a multi-state area.

§ 1 (C): Dominion now provides gas delivery data to FERC on a routine basis which is similar to that requested in Senate Bill 684. There is however a problem with the request for transmission capability and gas storage capability "dedicated" to Virginia. The gas transmission business has been deregulated for more than a decade and there is no capability "set-aside" or "dedicated" for any particular state or set of customers. All pipeline capacity is subject to contracts that are reviewed and renewed as time requires. If the intent is to collect data on long term contracts for firm service to customers in Virginia, during the specified period, that data can be made available, in the aggregate, but will not necessarily have relevance for future utilization of these resources.

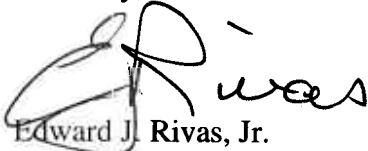
§ 1 (D): Data regarding curtailments of gas service is available, including the reasons for each curtailment. However, there would be a concern if the level of detail requested exceeded that found in the existing records.

§ 3. The confidentiality assurance found here is critically important in a competitive industry and recognizes that proprietary information must be protected. In a public environment, the data can potentially expose critical vulnerabilities to an adversary intent on disrupting the energy infrastructure as a means to adversely affect business processes and public safety. In the interest of security, it is extremely important that this data be restricted from open public access such as through Freedom of Information Act (FOIA) requests.

In summary, most of the data requested exists and can be provided as much of it is already on file with the Federal Energy Regulatory Commission or the United States Department of Energy. Difficulties would result if the level of detail sought exceeded that contained in the existing records. Additionally, the changing nature of the industry leaves many questions about the data collected and how it will be utilized. As a result, it is difficult to gauge the value of the database as originally proposed. The electric industry is undergoing considerable change and the old model of vertically integrated utilities is being replaced with rapidly expanding wholesale power markets functioning over multi-state areas, in which much new generating capacity is being provided by private investment in merchant plants. Any meaningful collection of data must recognize this fact.

Dominion Virginia Power looks forward to working with the Commission staff and the other stakeholders towards a meaningful outcome of this study and a useful report to the Legislative Transition Task Force.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Rivas, Jr.", written over a faint rectangular stamp.

Edward J. Rivas, Jr.
Senior Vice President
Fossil and Hydro

cc: Paul Hilton