



National Fuel

Lee E. Hartz
Assistant General Counsel

August 7, 2009

VIA NEXT DAY UPS

Secretary James J. McNulty
Pennsylvania Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Petition of West Penn Power Company d/b/a Allegheny Power for Approval of its Energy Efficiency and Conservation Plan, Approval of Recovery of Costs through a Reconcilable Adjustment Clause and Approval of Matters Relating to the Energy Efficiency and Conservation Plan. Docket No.: M-2009-2093218
COMMENTS

Dear Secretary McNulty:

Enclosed for filing with the Commission is an original copy of National Fuel Gas Distribution Corporation's Comments relative to the above-captioned matters, along with a receipt of electronic filing.

Service is being effectuated as indicated on the Certificate of Service.

If you should have any questions regarding this filing, please contact me anytime at (814) 871-8060. Many thanks for your assistance in this matter.

Very truly yours,



Lee E. Hartz

Enclosures

cc: Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of West Penn Power	:	Docket No. M-2009-2093218
Company d/b/a Allegheny Power for	:	
Approval of its Energy Efficiency and	:	COMMENTS
Conservation Plan, Approval of	:	
Recovery of Costs through a	:	
Reconcilable Adjustment Clause and	:	
Approval of Matters Relating to the	:	
Energy Efficiency and Conservation	:	
Plan	:	

**COMMENTS OF NATIONAL FUEL GAS
DISTRIBUTION CORPORATION**

National Fuel Gas Distribution Corporation (“NFGDC” or the “Company”), a certificated natural gas distribution company providing service to approximately 213,000 customers in Northwestern and North-Central Pennsylvania, appreciates this opportunity to submit these Comments to the above-captioned Petition of West Penn Power Company d/b/a Allegheny Power (“Allegheny Power”). NFGDC has thoroughly reviewed Allegheny Power’s Energy Efficiency and Conservation Plan (“EE&C Plan”) and offers the following comments.

I. Procedural Background.

Allegheny Power filed its Act 129 EE&C Plan with the Pennsylvania Public Utility Commission (the “Commission”) on June 29, 2009. These Comments are filed in accordance with the schedule established in the Pennsylvania Bulletin and the various Prehearing Orders that have been issued at this Docket. Independent of this filing, NFGDC has filed a Petition to Intervene in this proceeding as a party. It is NFGDC’s understanding that its Petition to Intervene will be ruled on sometime on or after August

13, 2009. That fact notwithstanding, it is NFGDC's understanding that it need not be a party to the proceeding to file these Comments.

II. Comments.

NFGDC has reviewed the Answer and Comments that UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. (collectively “UGI”) and the Peoples Natural Gas Company d/b/a Dominion Peoples (“Peoples”) are or will be filing in this proceeding (the “NGDC Comments”). NFGDC wholly supports and agrees with the NGDC Comments. As such, NFGDC joins in with UGI and Peoples in their Comments as if those Comments were fully set forth herein.

NFGDC is particularly concerned that, as pointed out in the NGDC Comments, Allegheny Power's EE&C plan has the potential to create improper incentives or rebates that may influence individuals who currently utilize natural gas for space and water heating to convert to electric appliances for those purposes. In addition to that concern, similar to UGI and Peoples, NFGDC believes that due to the benefits offered by the end-use of natural gas, the Commission should determine that Allegheny Power's EE&C plan would benefit from incorporating a method to encourage current electric space and water heating customers to convert to natural gas if such conversions would result in an cost-effective reduction in overall energy use under the Commission's Total Resource Cost Test (the “TRC Test”).

Stripped to its essence, Act 129 requires Electric Distribution Companies (“EDCs”) such as Allegheny Power, to propose and implement an EE&C Plan that will reduce the overall energy usage of their customers as measured against a historical period. See 66 Pa. C.S. § 2806. This is accomplished through the adoption of the TRC Test to judge the effectiveness of the various EDC's EE&C Plans. NFGDC believes that strict monitoring of any EE&C Plan that proposes rebates or incentives to customers for

installing higher efficiency electric appliances needs to be strictly monitored to ensure that such a plan does not result in customers switching from existing natural gas appliances to electric appliances.

NFGDC has previously sponsored the testimony of Ronald Edelstrin of the Gas Technology Institute at the recent November 13, 2008 *En Banc* hearing held in the Commission's general Act 129 Proceeding. That testimony, which NFGDC incorporates with these comments, along with the Direct testimony of Paul Raab which is being offered as part of Allegheny Power's specific EE&C proceeding and the Answer/Comments of UGI and Peoples set out at length why the end use of natural gas for space and water heating is advantageous under the TRC Test. Permitting end-use switching from current natural gas appliances to electric ones through Act 129 rebates would be expressly counter to the goals of Act 129.

In order to guard against this possibility, NFGDC believes that the Commission should take steps in its review of Allegheny Power's Act 129 EE&C Plan to ensure that any electric appliance rebates not be available to households that currently employ natural gas for space or water heating.

In addition, NFGDC believes that, as further explained in the UGI and Peoples Comments, Allegheny Power's EE&C plan should be re-evaluated to include measures that would support the end use of natural gas in homes currently employing electricity for space and water heating. The direct testimony of Mr. Paul Raab, which various natural gas distribution companies are sponsoring in this proceeding discusses, at length, the benefits associated with such incentives. Of course, technical direct testimony is not necessary to realize that electric to gas conversions would generate, by far, the largest amount of electric demand reduction. Further, given the overall energy-reduction

benefits of the end use of natural gas recognized by the TRC Test, such incentives would provide benefits to Pennsylvania energy users as a whole.

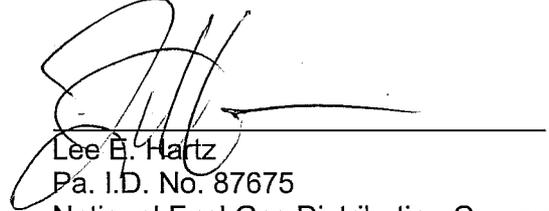
As Allegheny Power's EE&C plan is devoid of any such incentives it should be deemed insufficient to best meet the goals of Act 129.

III. Conclusion.

NFGDC appreciates the opportunity to provide these Comments and respectfully requests that the Commission give them due consideration.

Dated: August 7, 2009

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Lee E. Hartz', is written over a horizontal line. The signature is stylized and cursive.

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing Comments upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

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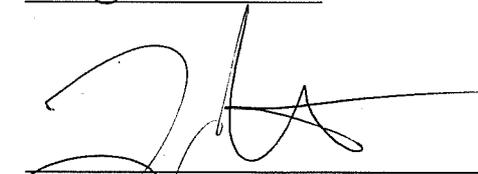
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