



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: Petitions of Pennsylvania Electric Company ("Penelec") and Pennsylvania Power Company for Approval of their Energy Efficiency and Conservation Plans: Pa. PUC Docket Nos. M-2009-2112956 & M-2009-2112952
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

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, Penelec and Penn Power's EE&C Plans have 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 Penelec and Penn Power's EE&C Plans 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 a 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 Penelec and Penn 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 Penelec and Penn Power's specific EE&C proceedings 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 Penelec and Penn Power's Act 129 EE&C Plans 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, Penelec and Penn Power's EE&C plans 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 Penelec and Penn Power's EE&C plans are 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,



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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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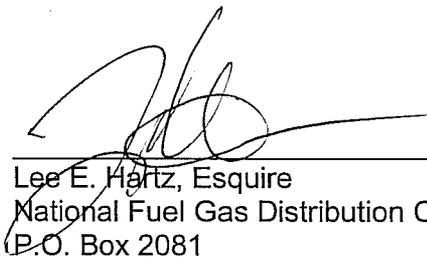
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