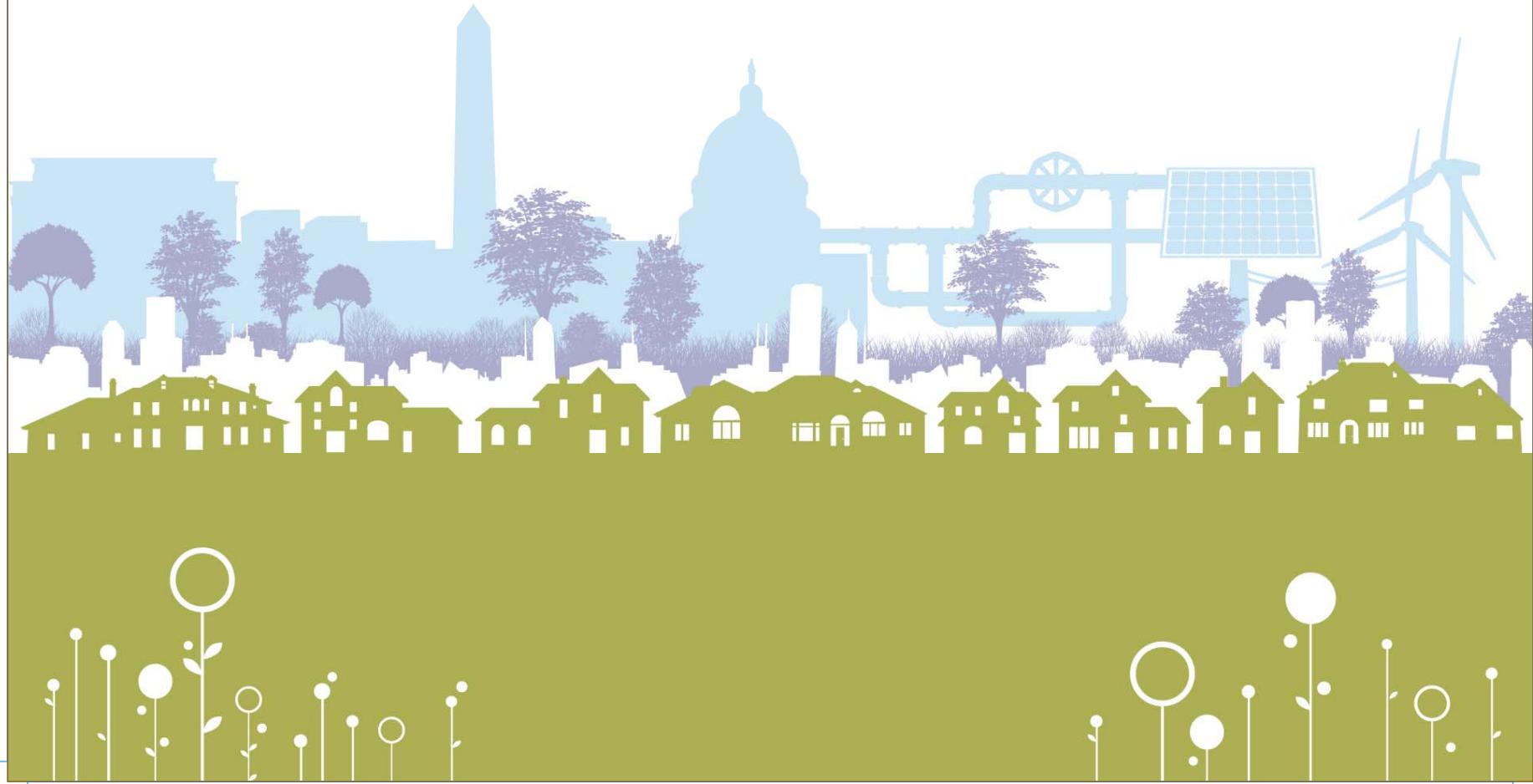


Melissa E. Adams
Division Head, Sustainability & Business Development
September 28, 2011



Our Vision

- WGL Holdings is the preferred source of clean and efficient energy solutions that produce value for our customers, investors and communities.

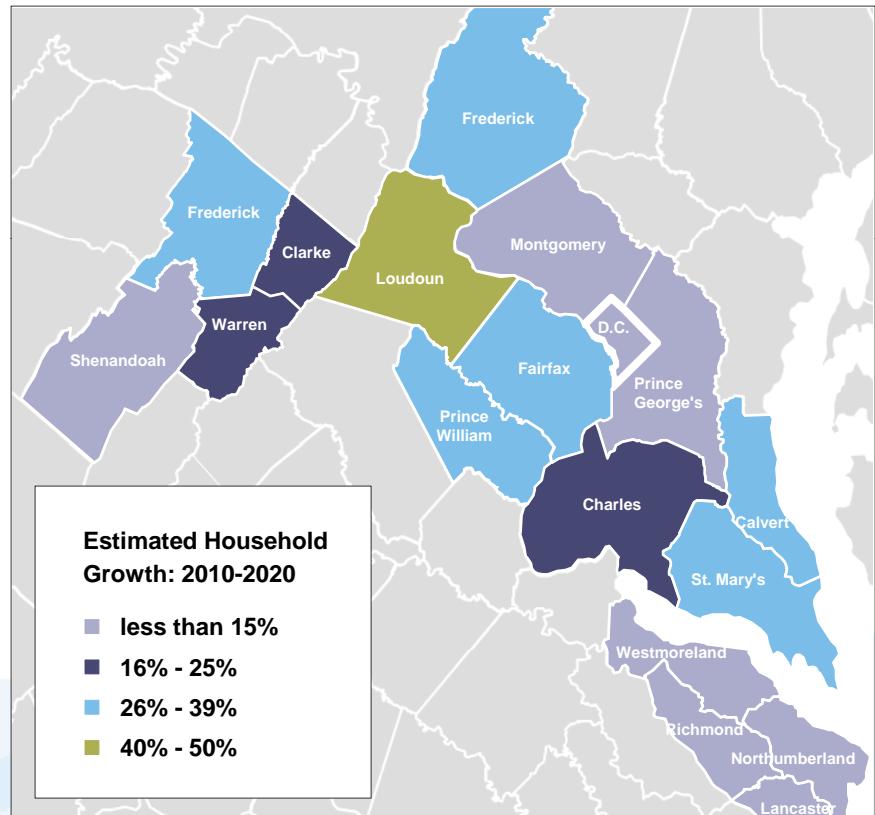


Regulated natural gas utility with more than one million residential, commercial and industrial customers

Sells natural gas and electricity, including from renewable energy sources, such as wind and solar

Provides design-build energy efficient and sustainable solutions to government and commercial clients

Attractive Territory for District Energy and CHP

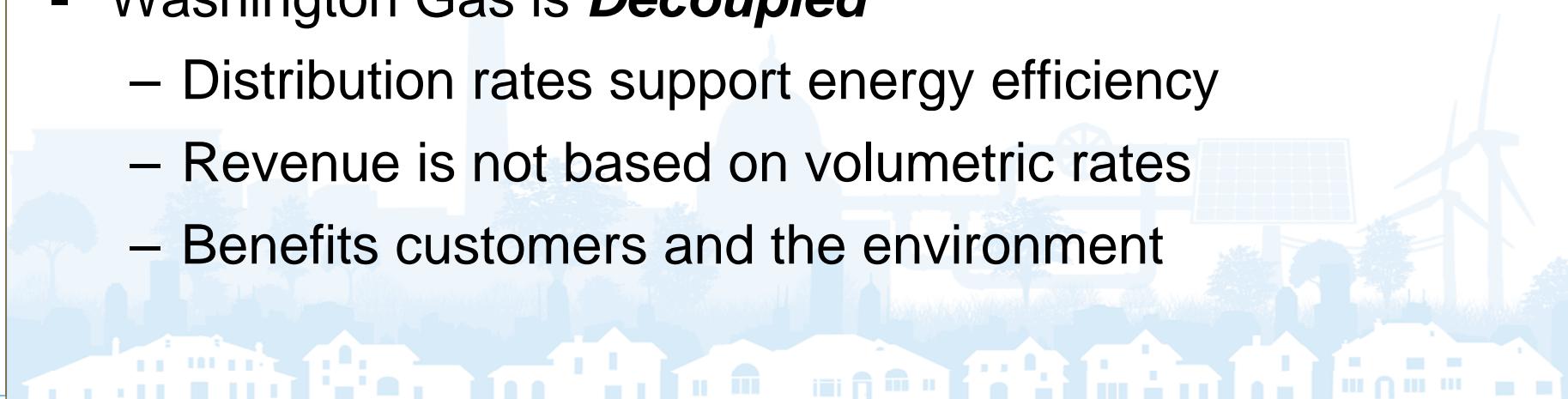


The Greater Washington, DC Metropolitan Area

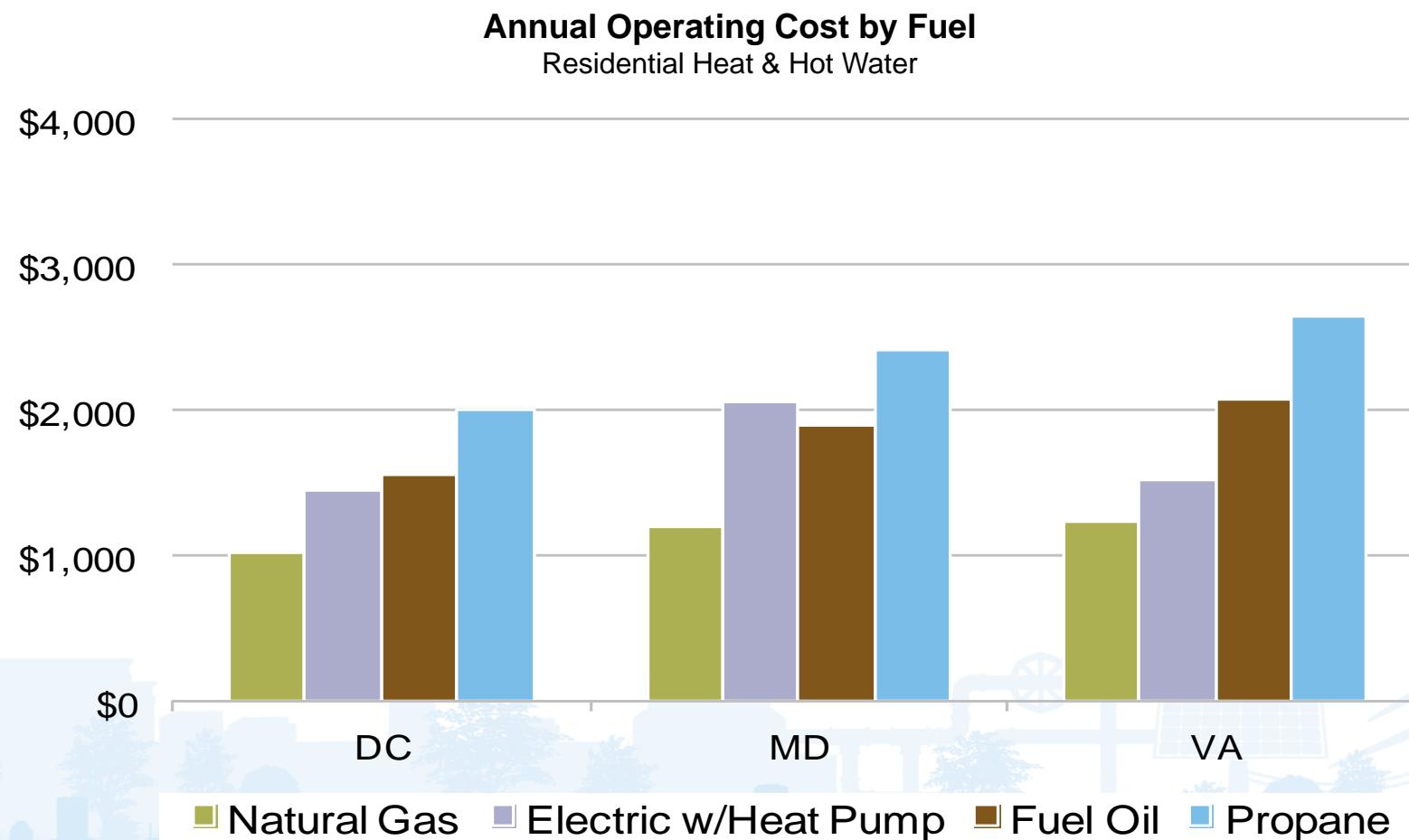
- 5th largest regional economy in the U.S.
- 7 of the nation's 15 wealthiest counties are in the region
- Increasing TOD; multi-family housing
- Resilient economy due to federal government spending
- Designated as an ozone pollution nonattainment area by the EPA

Utility Business Model Promotes Energy Efficiency

- Washington Gas is ***Unbundled***
 - Gas distribution and gas supply charges are separate
 - Gas distribution charges are regulated by VA SCC
 - Customers may choose a competitive gas supplier
 - Utility receives no profit on gas commodity
- Washington Gas is ***Decoupled***
 - Distribution rates support energy efficiency
 - Revenue is not based on volumetric rates
 - Benefits customers and the environment



Natural Gas: An abundant, affordable energy source

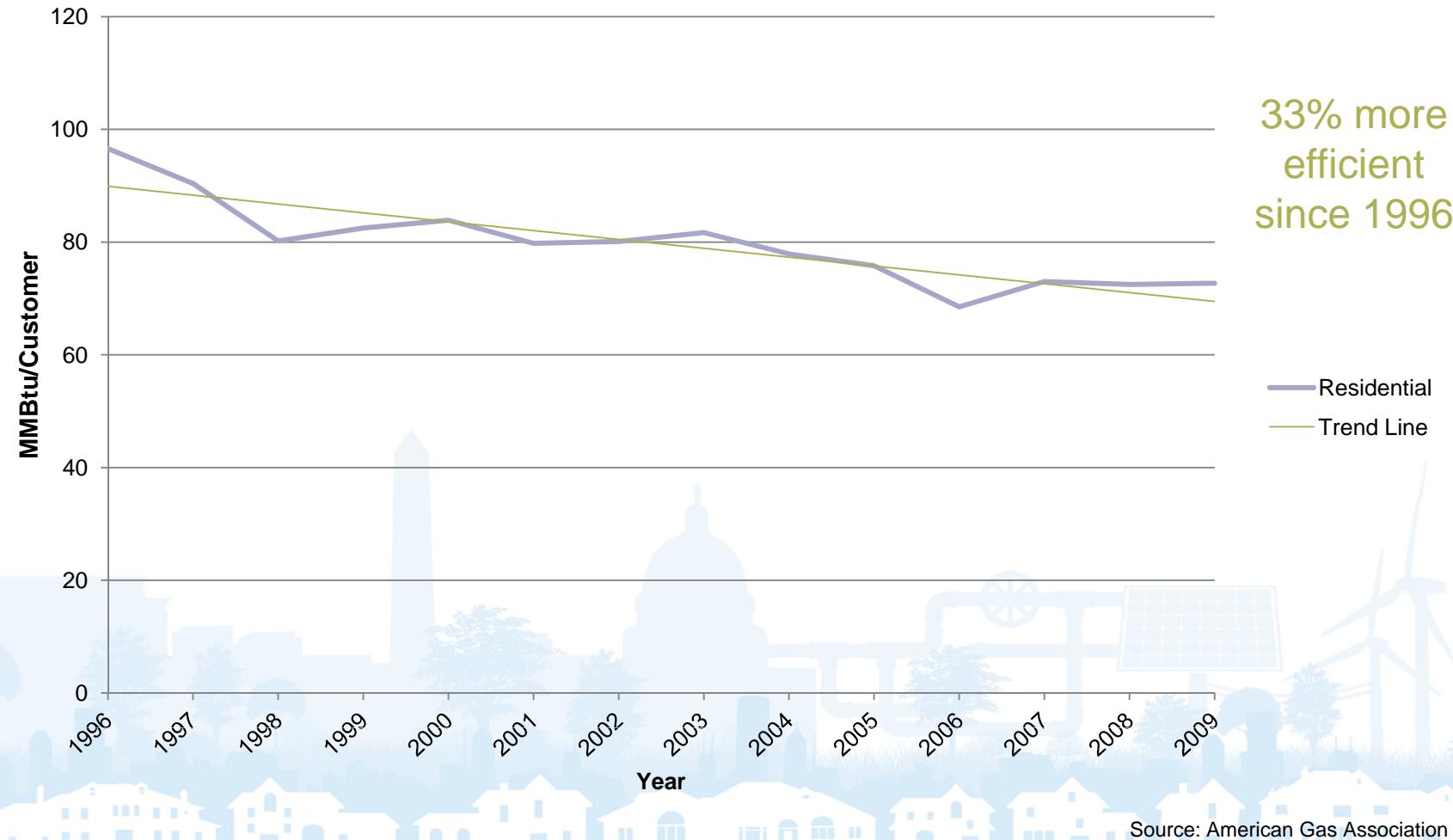


Source: Washington Gas operating cost comparison model. New Construction, detached homes using natural gas for heating and water heating.

A Winning Efficiency Track Record

Smart Energy: Direct use consumption

U.S. Average Annual Consumption Per Customer - Residential



Full Fuel Cycle Efficiency

3 times as much energy; 33% less CO₂ at delivery

Electricity

EXTRACTION, PROCESSING & TRANSPORTATION

100%



100 MMBtu Source Energy

CONVERSION

95%



DISTRIBUTION*

34%



DELIVERED TO CUSTOMER

32%



*Based on 2007 actual generation mix of all energy sources

Natural Gas

EXTRACTION, PROCESSING & TRANSPORTATION

100%



100 MMBtu Source Energy

CONVERSION



DISTRIBUTION

93%



DELIVERED TO CUSTOMER

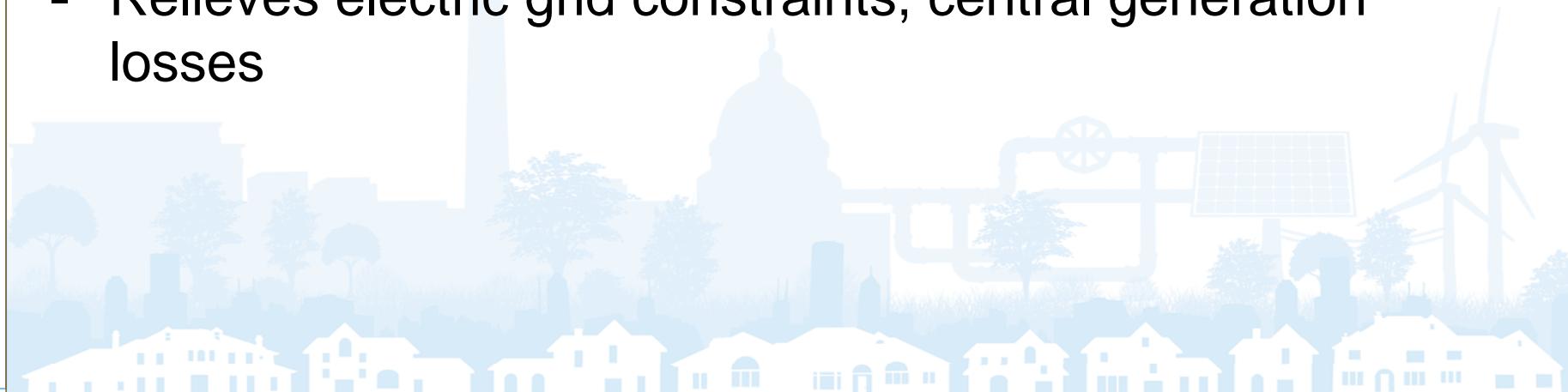
92%



Source: American Gas Association

Benefits of District Energy & CHP Technology

- Proven technologies used worldwide
- Energy systems of choice on many collegiate campuses
 - The number one commercial CHP application with over 1,400 MW of installed capacity
- Efficiency and load factors; utilization of waste heat
- Relieves electric grid constraints, central generation losses

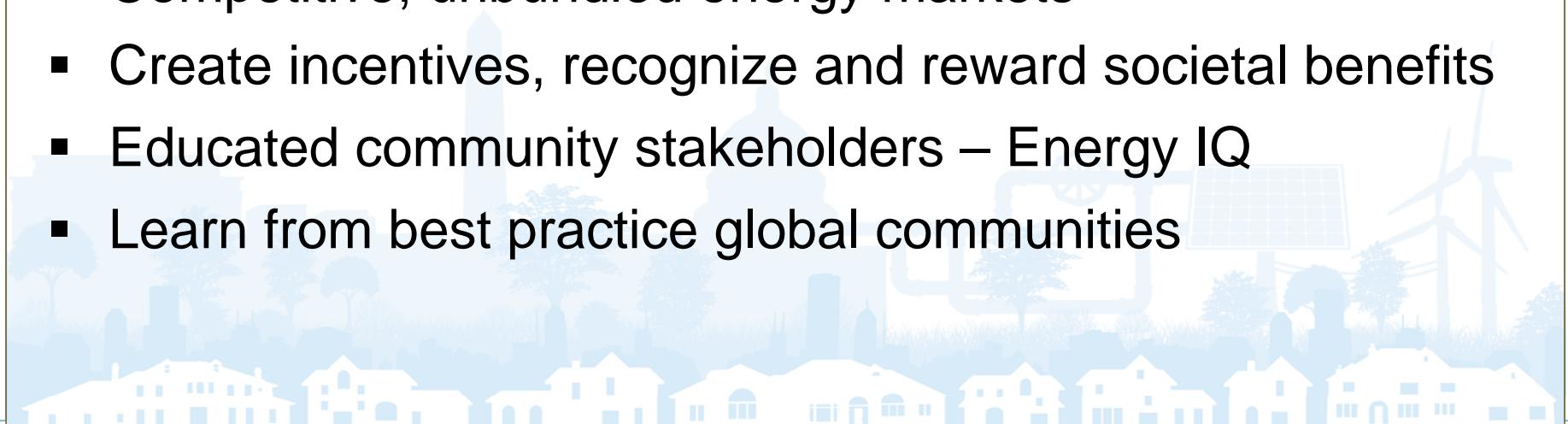


Community Energy Planning

A process for creating an abundant, affordable, efficient, clean energy future

Keys to success:

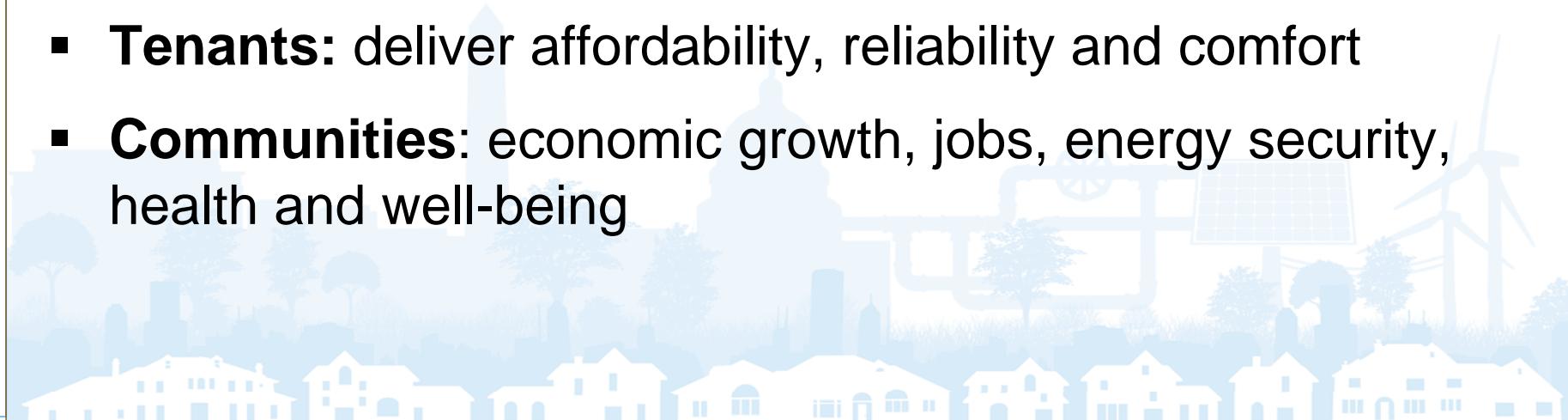
- Collaborative, multi-stakeholder approach
- Collective engagement on policy issues
- Remove barriers
- Competitive, unbundled energy markets
- Create incentives, recognize and reward societal benefits
- Educated community stakeholders – Energy IQ
- Learn from best practice global communities



Community Energy Plan – WIIFMs

Create multiple winners:

- **Utilities:** energy reduction/efficiency goals, business growth, investments, resolve stranded asset issues, create new business models/markets, rate stability
- **Developers/Owners:** attractive, profitable properties
- **Tenants:** deliver affordability, reliability and comfort
- **Communities:** economic growth, jobs, energy security, health and well-being



Navigating Towards a Sustainable Energy Future

- Promote efficient natural resource use
 - Customer conservation and outreach programs and platforms
 - Incentives tied to appliance costs and consumer behavior
 - Fuel switch from electricity to natural gas as a DSM strategy; a common approach for combination electric/gas companies
- Implement effective building codes and standards
 - Btus or CO2e emissions per sq. foot
 - EPA Climate Portfolio Manager Tools (full-fuel cycle)
- Develop policies and regulations that support open, competitive, clean and renewable energy markets and resources
- Recognize and incorporate carbon cost externalities – including societal costs, mitigation and adaptation