Natural Gas

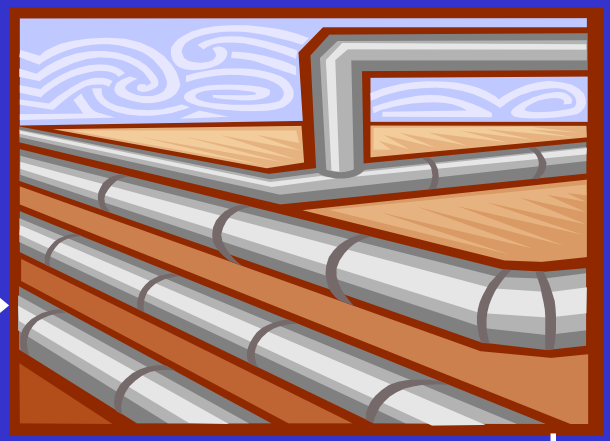
Click on each slide to proceed to the next one.

April 2008

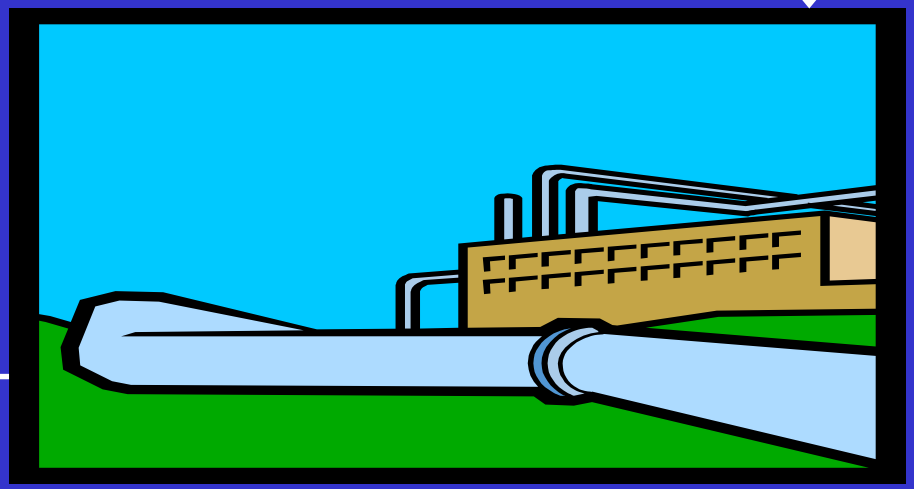
Physical Flow of Natural Gas before Deregulation

[Producers]

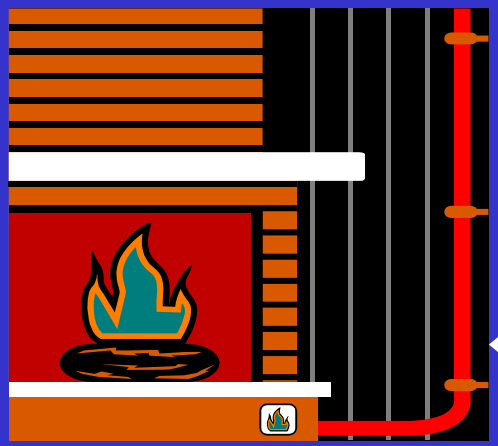
[4 Pipelines]



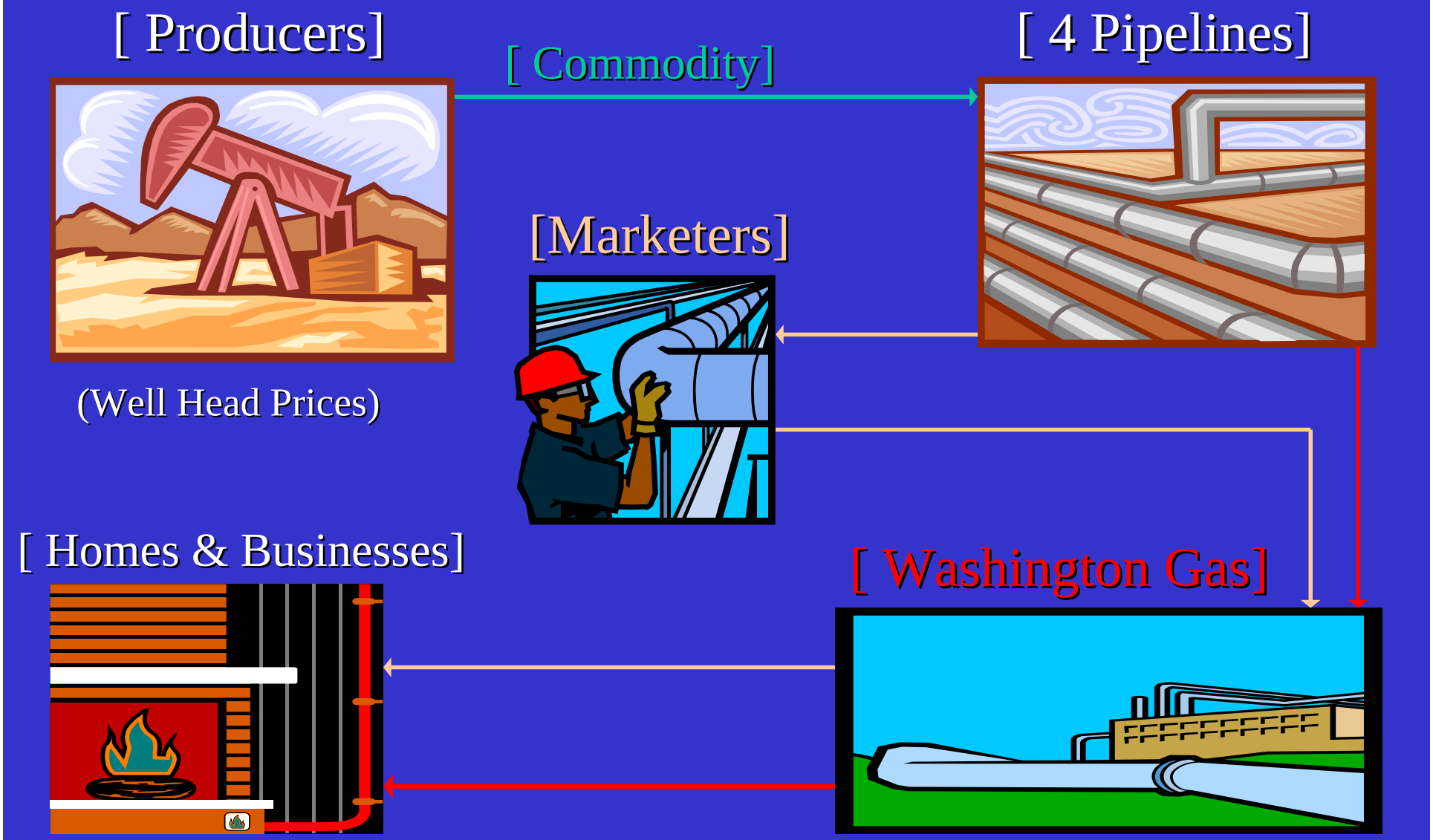
[Washington Gas]



[Homes & Businesses]

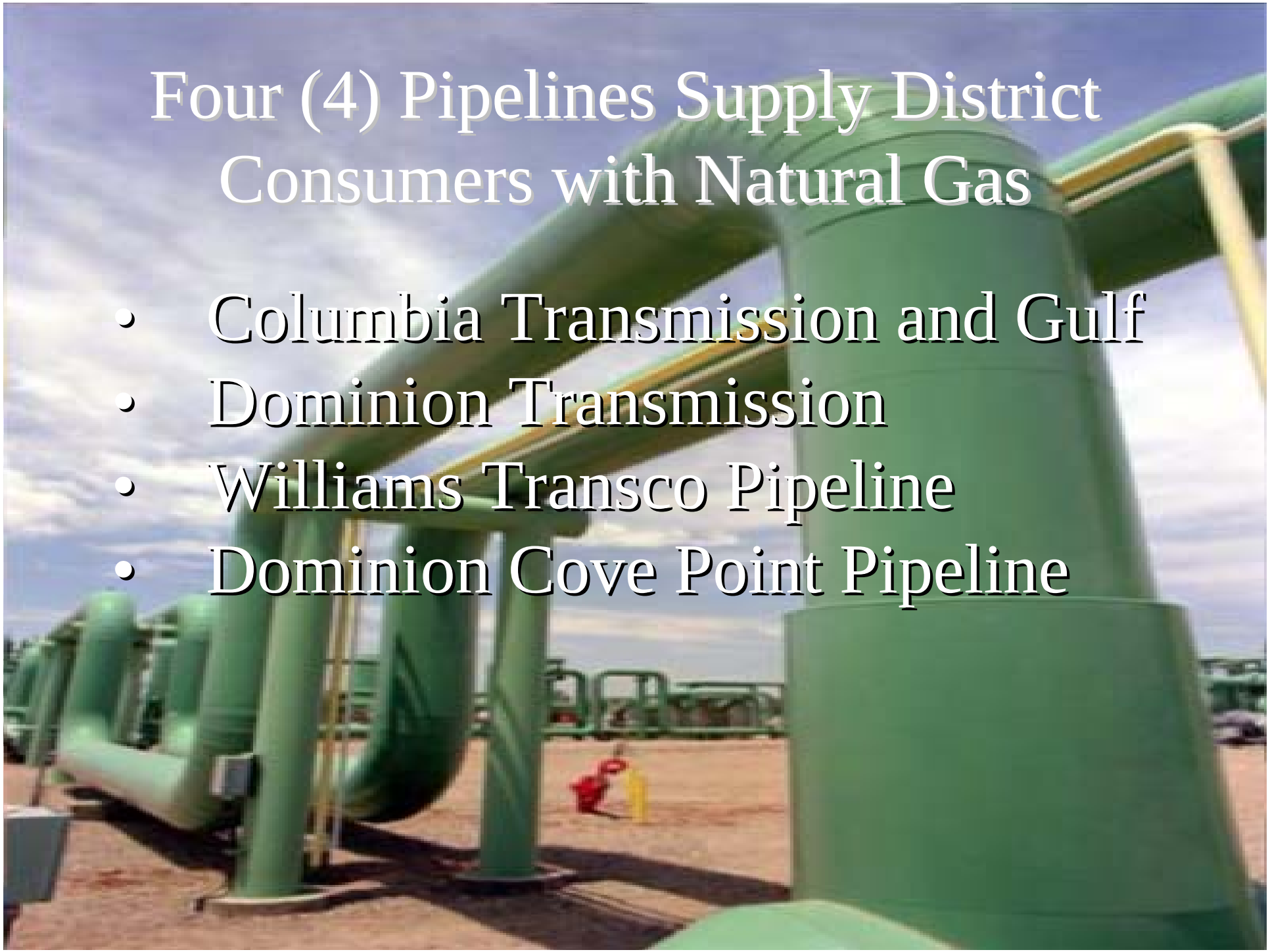


More Market Participants Involved in Financial Transactions



Washington Gas' Natural Gas Procurement Sources

- Storage Natural Gas (Purchased between April and October)
- Long-term Contracts (Executed in early 1990s; guarantees supplies, but not prices)
- Monthly Contracts
- Daily Contracts (Natural Gas purchased the day before)
- Spot Market Prices (Natural Gas purchased on the same day)

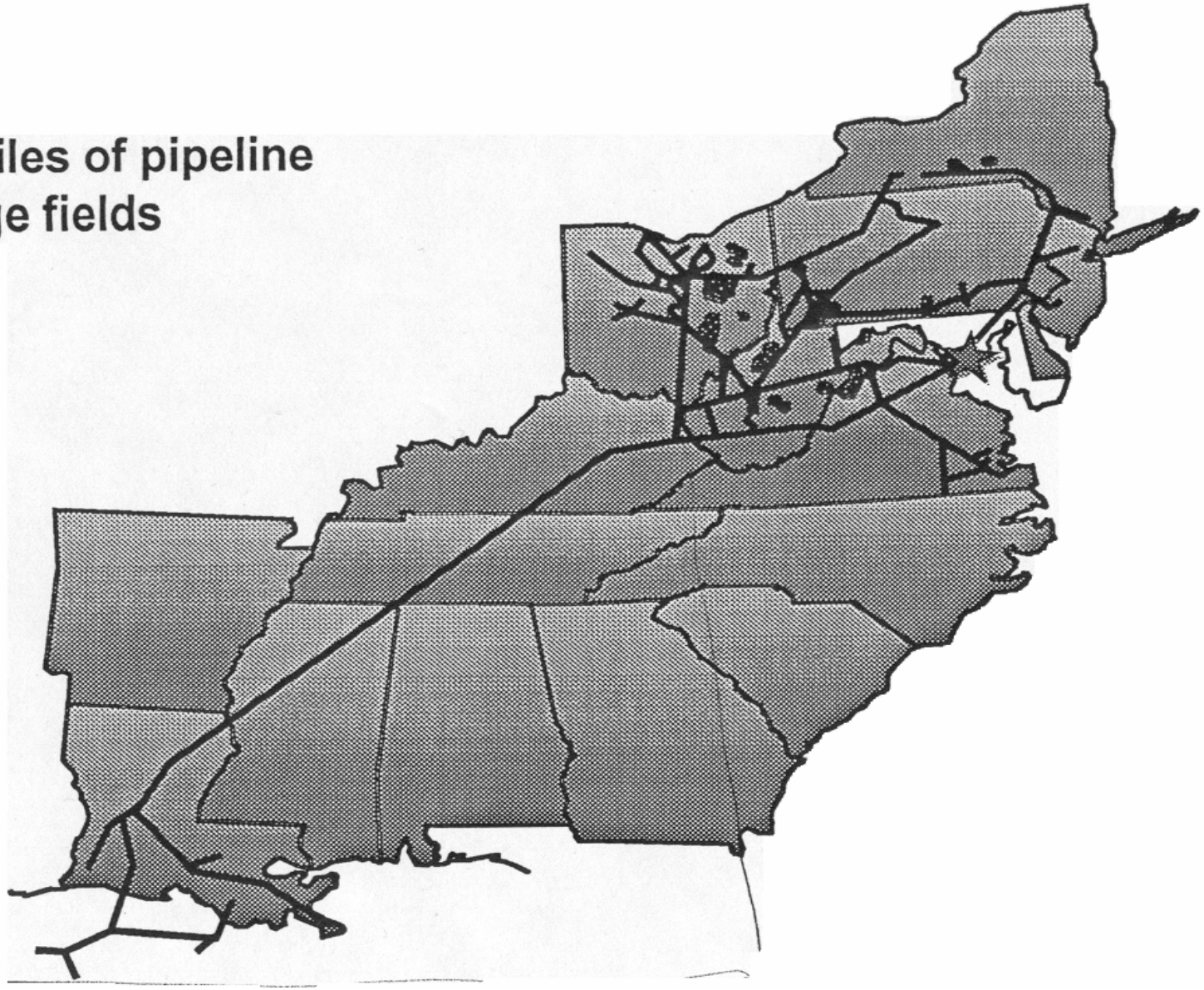


Four (4) Pipelines Supply District Consumers with Natural Gas

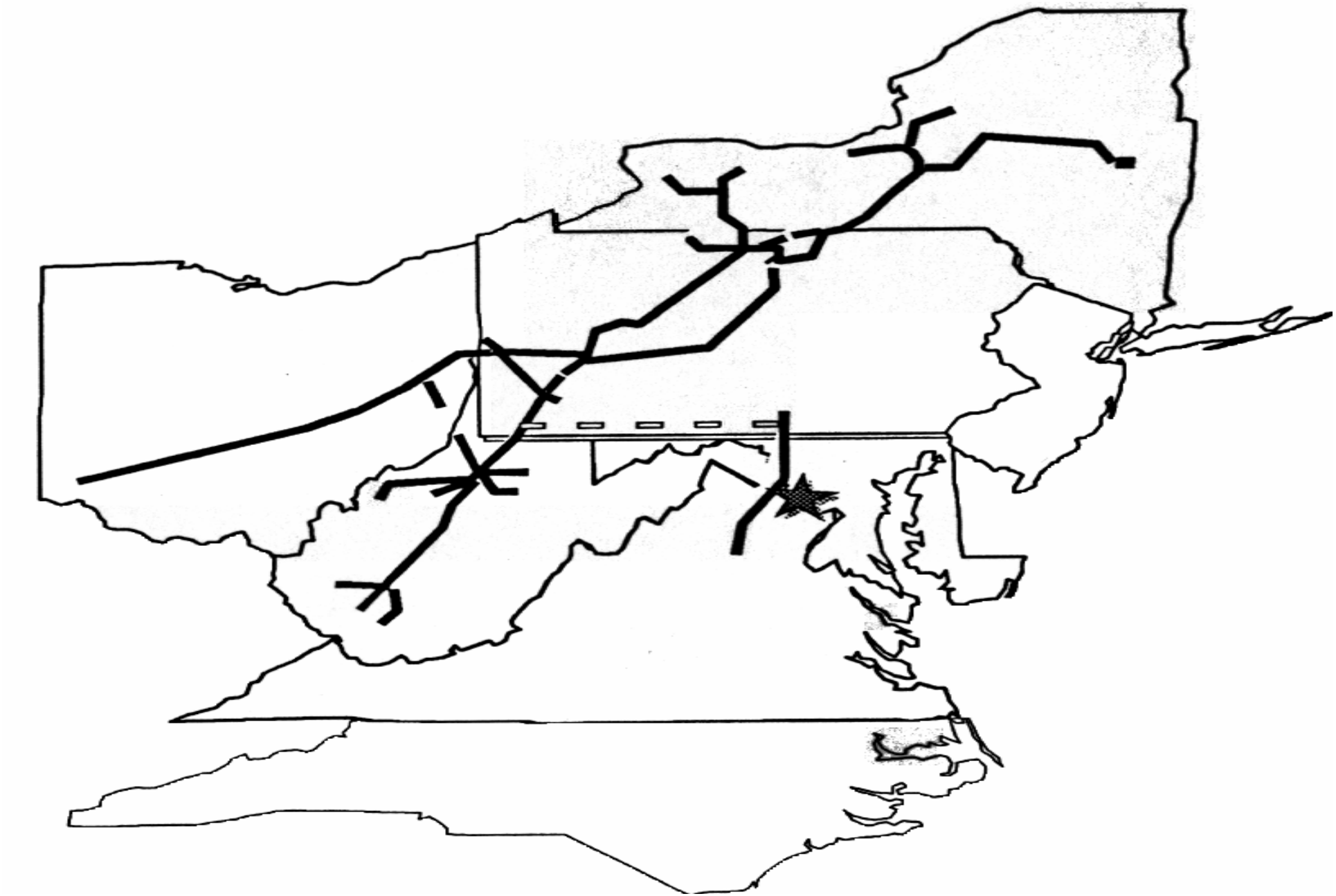
- Columbia Transmission and Gulf
- Dominion Transmission
- Williams Transco Pipeline
- Dominion Cove Point Pipeline

Columbia Transmission and Gulf

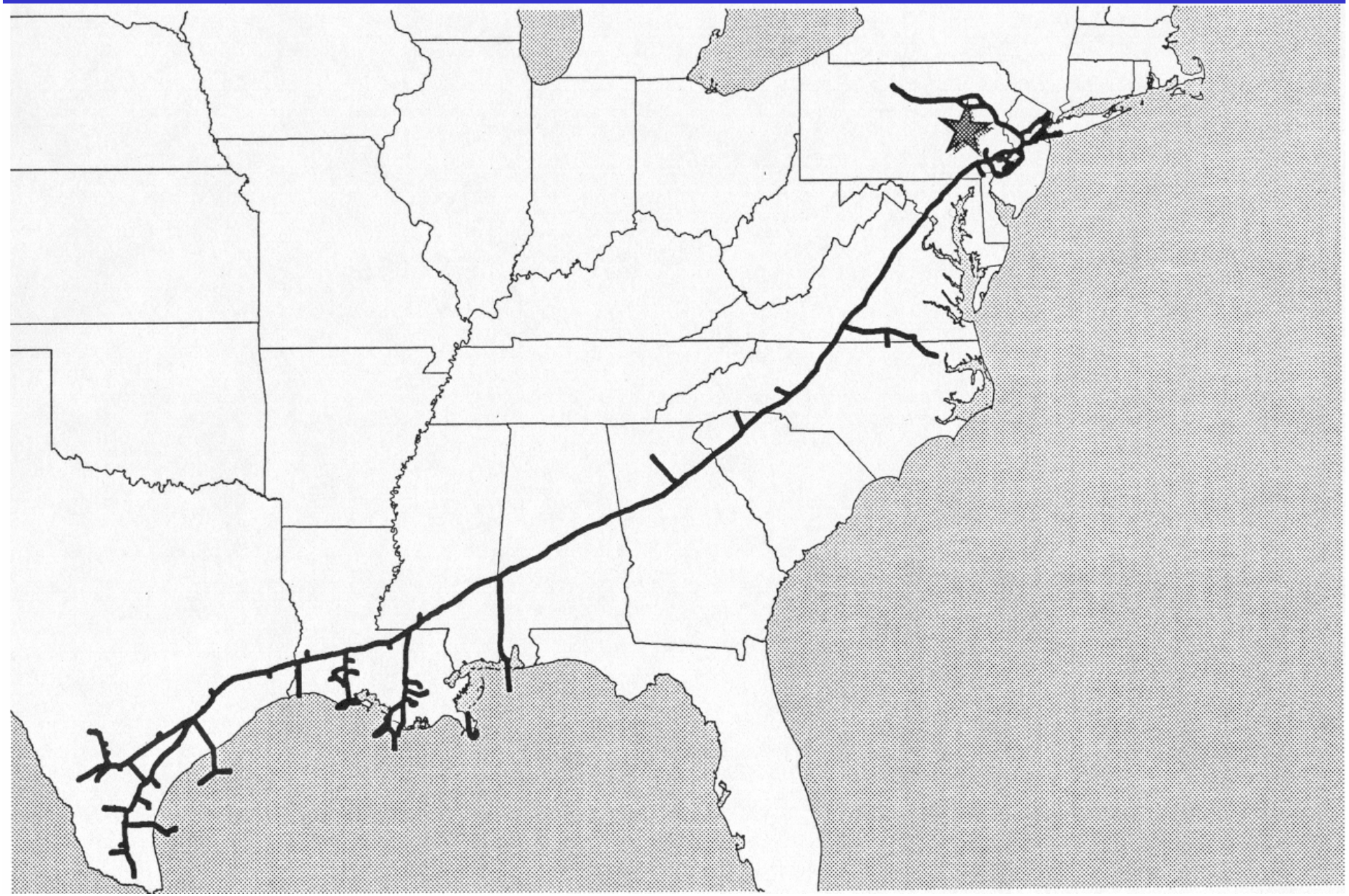
16,700 miles of pipeline
44 storage fields



Dominion Transmission



Williams Transco Pipeline



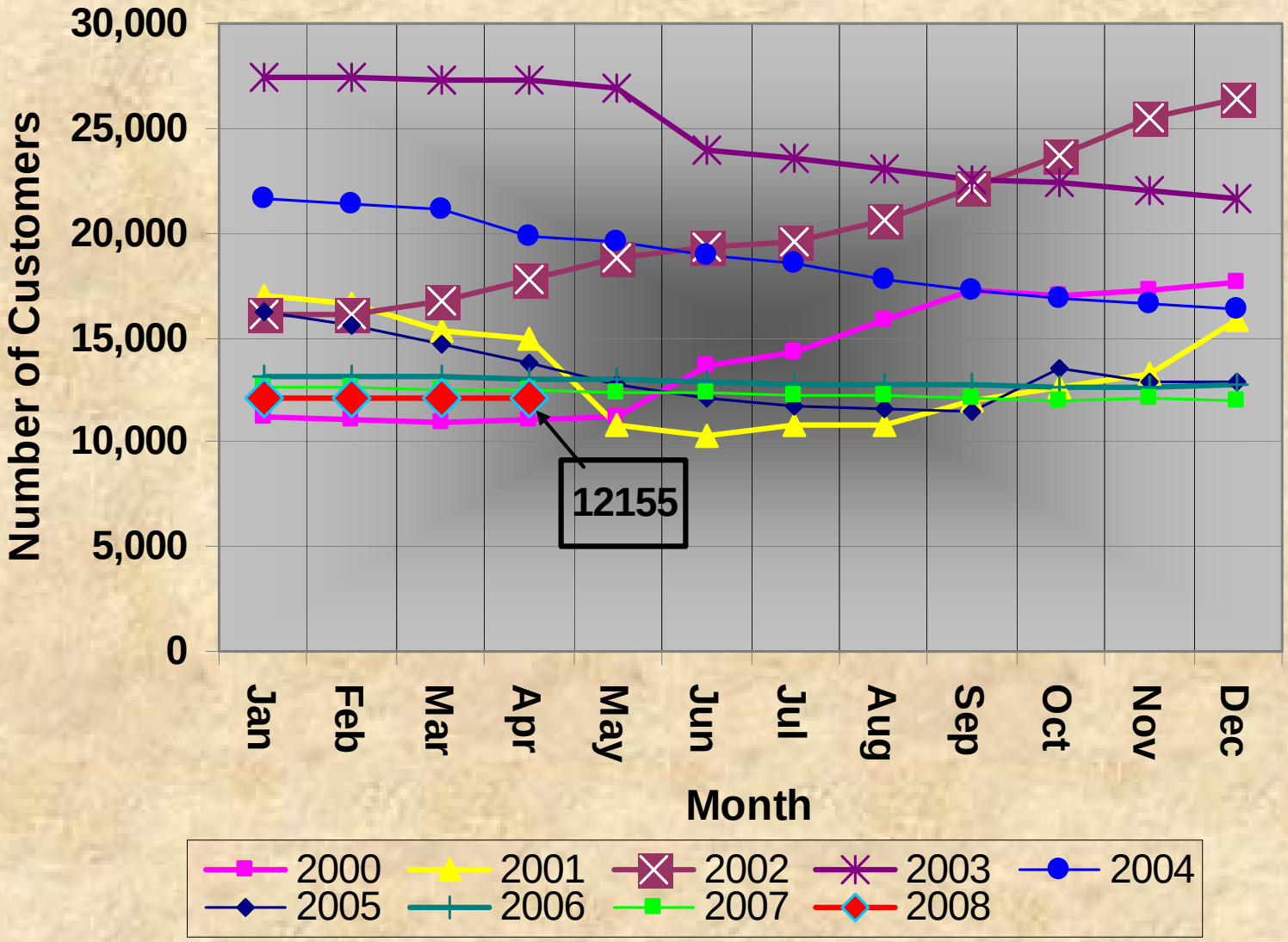
Commodity Natural Gas Competition

There are four (4) Customer Choice programs, covering all residential and commercial customers. The residential program was made permanent in February, 2001. On January 30, 2002, the small commercial program was made permanent. The other two programs are for interruptible customers, established in 1988, and large commercial customers, established in 1998.

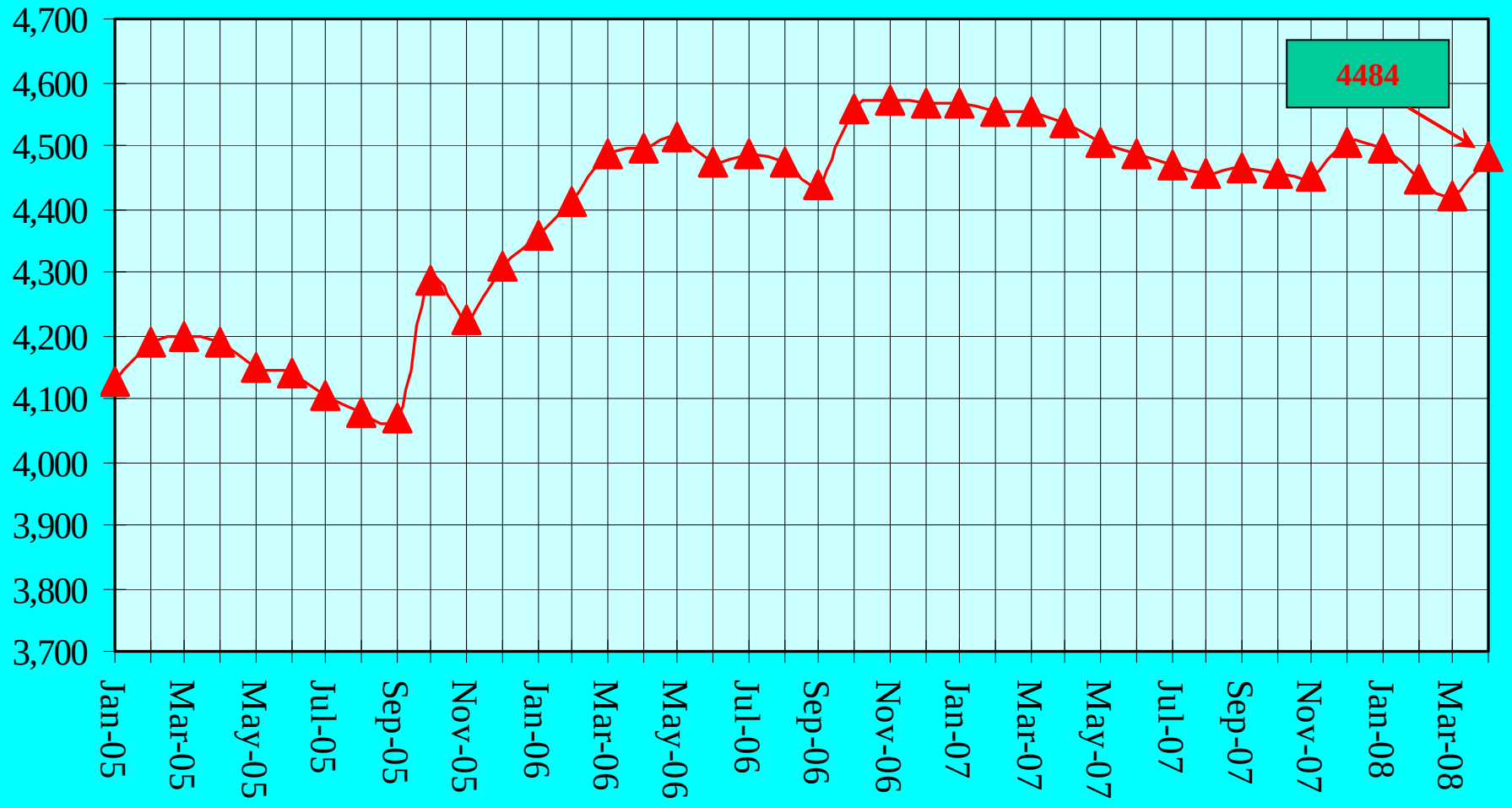
Current Status of Natural Gas Commodity Competition

As of April 9, **2008**, there are four (4) alternative natural gas commodity suppliers serving 12,155 participants in the residential program and accounting for **9%** of all residential natural gas customers. There are **11** alternative natural gas commodity suppliers serving **4,484** commercial participants or **35%** of all commercial accounts.

Residential Customers Choosing Alternative Natural Gas Suppliers



Commercial Customers Choosing Alternative Natural Gas Supplier



Current Natural Gas Bill Format

Washington Gas

www washingtongas com

PLEASE RETAIN THIS PORTION FOR YOUR RECORDS

ACCOUNT INFORMATION

Service Address:		Gas Use		Reading	Date	Method
Mailed	01/10/08	Current Reading		465	01/07/08	READ BY CO
Account Number		Previous Reading	-	356	12/05/07	READ BY CO
Meter ID No		CCF of Gas Used		109		
Rate Class	RESIDENTIAL HEAT/COOL	Unmetered Gas Light (CCF)	+			
Level	1	Total CCF of Gas Used		109		
Next Meter Reading Date	02/06/08	Conversion Factor	X	1.027		
Days in This Billing Period	33	Total Therms (TH) Used		111.9		

12-MONTH ENERGY USE HISTORY

Mo/Yr	HDD	Th	Mo/Yr	HDD	Th
12/07	548	64	N/A	0	1
11/07	74	12	N/A	0	21
10/07	10	6	N/A	0	33
09/07	0	7	N/A	0	121
08/07	0	7	N/A	0	87
07/07	0	4	N/A	0	0
			Total TH		363

GAS USAGE DETAIL	
TOTAL THERMS USED	111 9
DISTRIBUTION SERVICE	
DISTRIBUTION CHARGE	
111.9 TH @ $.2950	33 01
CUSTOMER CHARGE	7 95
DC RIGHTS-OF-WAY FEE	3 93
NATURAL GAS SUPPLY SERVICE	
PGC @ $1 0503	117 53
NATURAL GAS TRUST FUND CHARGE	0.61
STATE & LOCAL DELIVERY TAX @.070700	7.91
TOTAL GAS CHARGES	$ 170 94

CHARGES	
PREVIOUS BILL AMOUNT	104 27
PAYMENTS RECEIVED	104 27
CHARGES THIS PERIOD	
GAS USAGE	170.94
TOTAL THIS PERIOD	170.94
TOTAL DUE	**$ 170.94**

TO AVOID LATE PAYMENT CHARGES, FULL PAYMENT MUST BE RECEIVED BY THE DUE DATE

BE ENERGY WISE CLICK ON "MANAGING ENERGY COSTS" AT WASHINGTONGAS.COM.
THIS BILL REFLECTS NEW RATES AS APPROVED BY THE D C. PUBLIC SERVICE COMMISSION
THE BUDGET PLAN CAN HELP YOU MANAGE HEATING COSTS.
CALL THE AUTOMATED LINE AT 703-750-7944 TO ENROLL TODAY
PAYMENTS NOT RECEIVED BY THE DUE DATE SUBJECT THE ACCOUNT TO A SECURITY DEPOSIT WHERE PERMITTED BY REGULATION

Important customer information is on the back of this bill.
Please detach this stub and return with payment Make check payable to **WASHINGTON GAS** or pay online at **www.washingtongas.com**

Washington Gas

101 Constitution Avenue, NW
Washington, DC 20080
202-624-6049 • 703-750-1000

ADDRESS SERVICE REQUESTED

☐ **Washington Area Fuel Fund**
Check box and include donation with payment (If you have previously pledged a donation. do not check box)

Donation Amount $ _____

☐ **Mailing Address or Name Change?**
Please check box and complete form on back

Account No.	
Due Date	01/30/08
Amount Due	$ 170.94
Amount Paid	$

0000000019

Washington Gas
PO Box 9001036
Louisville, KY 40290-1036

Residential Natural Gas Prices
Two (2) Components

- Distribution Charge – Set by the DCPSC in a rate case. Everyone pays this charge since there is only one distribution company, Washington Gas.

- Commodity Charge – Price of the natural gas commodity itself. You can choose whether you want to purchase the commodity from either Washington Gas or other natural gas commodity suppliers. The commodity charge on Washington Gas' bill is called the Purchased Natural Gas Charge.

Purchased Natural Gas Charge

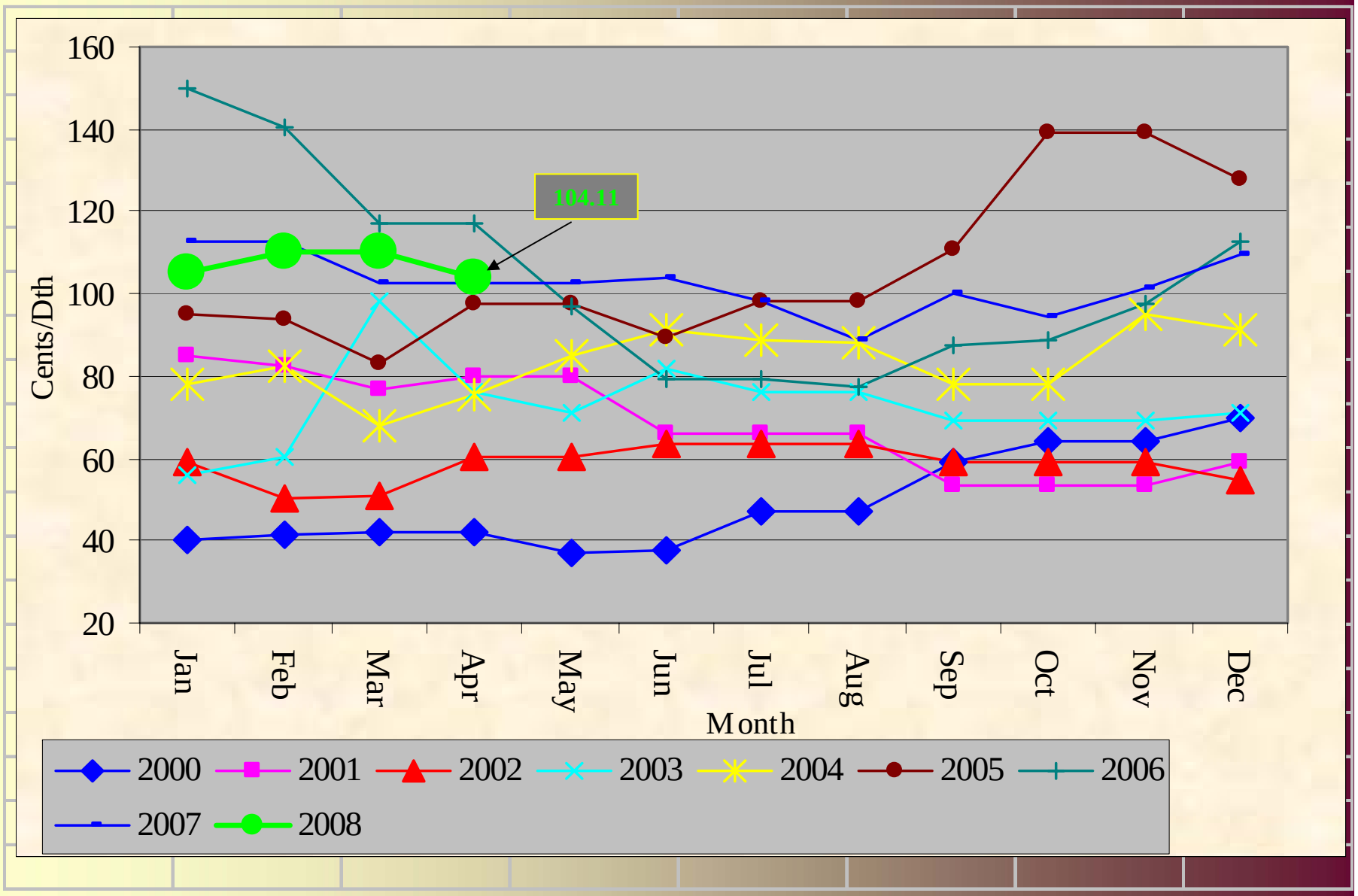
- Washington Gas' commodity charge is called the Purchased Natural Gas Charge (PGC).
- The PGC is based on wholesale market prices which are under the Federal Energy Regulatory Commission's (FERC) jurisdiction.
- The DCPSC audits these costs.
- Washington Gas does not earn a profit on the PGC.

Composition of April 2008 Purchased Natural Gas Charge – PGC

Commodity Costs	**84.63 cents per therm**
Demand[1]	**13.42 cents per therm**
Others[2]	**6.06 cents per therm**
Total Costs – PGC	**104.11 cents per therm**

[1]-Demand includes firm transportation, storage, and peak shaving.
[2]-Others include carrying charges, GAC, ACA, refunds, and credits.

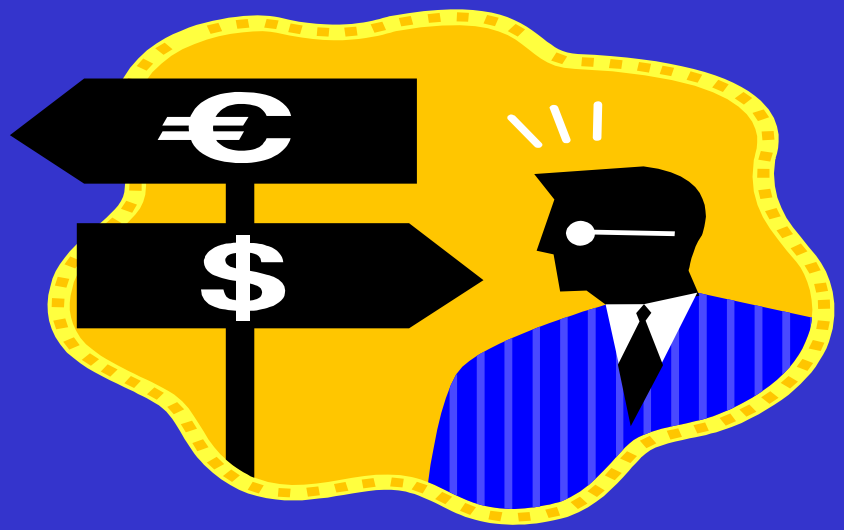
Trends in PGC Jan. 2000-April 2008



What Can Consumers Do to Lessen the Impact of High Natural Gas Prices?

- Ensure your homes are energy efficient.
- Consider implementing energy conservation measures.
- Consider joining WGL's budget plan, which allows you to spread the costs over a longer period. Ultimately, a true-up will be rendered.
- Monitor the natural gas commodity prices on your bills because you can choose your natural gas commodity supplier. Check the Commission's website or contact the Commission's Consumer Services Office for more information.

How to Choose a Natural Gas Commodity Supplier



Selecting a Natural Gas Commodity Supplier

- Look at the outlook for wholesale natural gas prices
- Determine who are the suppliers and their prices and other terms
- Determine how much you would pay and save with each of the suppliers
- Look at the price history of the suppliers
- Look at whether current customers under contract have been saving money
- Look at market shares

Questions to Ask Each Supplier

- What is your price?
- Does this price include a "**Balancing Charge**"?
  - If not, how much is the balancing charge?
  - If "**Variable**", what is it based on?
  - If "**Fixed**", for how long?
- Do I have to sign a contract?
- Is there a penalty for switching before the end of the contract? If yes, how much is the fee?
- Is there a minimum charge?
- How will I be billed? (Separately or on WGL bill)

What is the Balancing Charge?

- The cost to match the amount of natural gas supplied by Washington Gas with the amount of natural gas actually consumed by customers.
- Washington Gas performs the balancing function on a daily basis.
- The current charge is 1.56 cents per therm.

Current Natural Gas Commodity Prices for Residential Customers (as of April 9, 2008)

Company	Price (Without Balancing Charge)	Price (With Balancing Charge)
Gateway Energy Services Corp. **1 (877) 89energy** **www.econnergy.com**	**107.55 cents per therm** Varies each month No minimum monthly charge ***Price quote is for the current month***	**109.11 cents per therm** Varies each month No minimum monthly charge ***No penalty to cancel contract***
Pepco Energy Services (PES) **1 (800)-Energy9** **www.Powerchoice.com**	Not accepting new customers	Not accepting new customers
Washington Gas Energy Services **1 (888) 236-9437** **www.wges.com**	107.49 cents/therm for 1 year No minimum monthly charge	109.05 cents/therm for 1 year No minimum monthly charge

Current Natural Gas Commodity Prices for New Residential Customers (as of April 9, 2008)

Company	Price (Without Balancing Charge)	Price (With Balancing Charge)
NOVEC Energy Solutions – America's Energy Alliance 1 (888)-627-7283 Go to link of www.novec.com	127.00 cents per therm No minimum monthly charge *Price quote is for service which begins in following month*	128.56 cents per therm -No minimum monthly charge *Price quote is for service which begins in following month*
Washington Gas – 12 month average projection based on NYMEX index	107.89 cents per therm	109.45 cents per therm
Washington Gas – Purchased Natural Gas Charge (PGC)	102.55 cents per therm *Prices vary each month.*	104.11 cents per therm *Prices vary each month.*

How To Calculate Natural Gas Savings

District of Columbia Instructions:

1. Enter the natural gas supplier's name. This is required in order to view the results. You are allowed to enter information for up to four different suppliers. Click here for a list of participating natural gas suppliers.
2. Enter the total natural gas price offering form each supplier. For example, if the price is 65 cents per therm, enter $0.65.
3. If the rate quote from the supplier does not include the balancing charge, add $0.0190 to the quoted price.
4. Enter you total natural gas usage (therms) for the past 12 months. If you do not have this number please contact Washington Gas at (703) 750-1000.
5. The average usage (therms) for residential customers in the District of Columbia is approximately 1000 therms. Once you have completed these steps for each supplier, click the *Calculate Savings* button.

	Supplier Name	Supplier Total Natural Gas Price Offering	Supplier Monthly Fees
Supplier 1	Gateway Energy Services Corp.	0.978	0
Supplier 2	NOVEC	1.232	0
Supplier 3	WGES	1.112	0
Supplier 4			

Calculate Savings Clear Enter your usage (therms) for the previous 12 months: **1000** therms

Natural Gas Savings

Based on the following information that you supplied, the following results were produced:

Annual Natural Gas Usage: 1000 therms

Supplier Name	Total Annual Natural Gas Cost	Annual Natural Gas Cost Savings
Washington Gas	$1,030.00	-
Gateway Energy Services Corp.	$977.500	$52.50
NOVEC	$1,232.200	($202.20)
WGES	$1112.200	($82.20)

If the Annual Natural Gas Cost Savings is positive, the number represents the amount that you potentially save if you purchased your natural gas from the Marketer instead of purchasing it from Washington Gas.

If the Annual Natural Gas Cost Savings is negative ( ), the number represents the additional amount that you would potentially pay if you purchased your natural gas from the marketer Instead of purchasing it from Washington Gas.

CHANGING NATURAL GAS PRICES

- WGL's PGC of 104.11 cents per therm in April 2008 was down from 110.18 in the previous month.
- WGL's April 2008 PGC is about 2% higher than the PGC rate for April 2007.
- WGES' commodity charge of 109.05 cents per therm in April 2008 was unchanged compared to the charge in March 2008.

WHY ARE NATURAL GAS PRICES CHANGING?

- WGL has to pay different prices for natural gas that it procures during the year.
- Wholesale natural gas prices are currently higher than last year, in part, probably because:
  - **oil prices have increased, and**
  - **2007-08 winter is expected to be colder than the same period last year.**

WHAT IS EXPECTED BILL IMPACT OF CHANGES IN NATURAL GAS PRICES?

- On average, each therm will cost **$1.53** in April 2008 compared to **$1.52** in April 2007.

- This means, on average, WGL gas heating residential bill is likely to be **1.3%** more in April 2008 compared with April 2007.

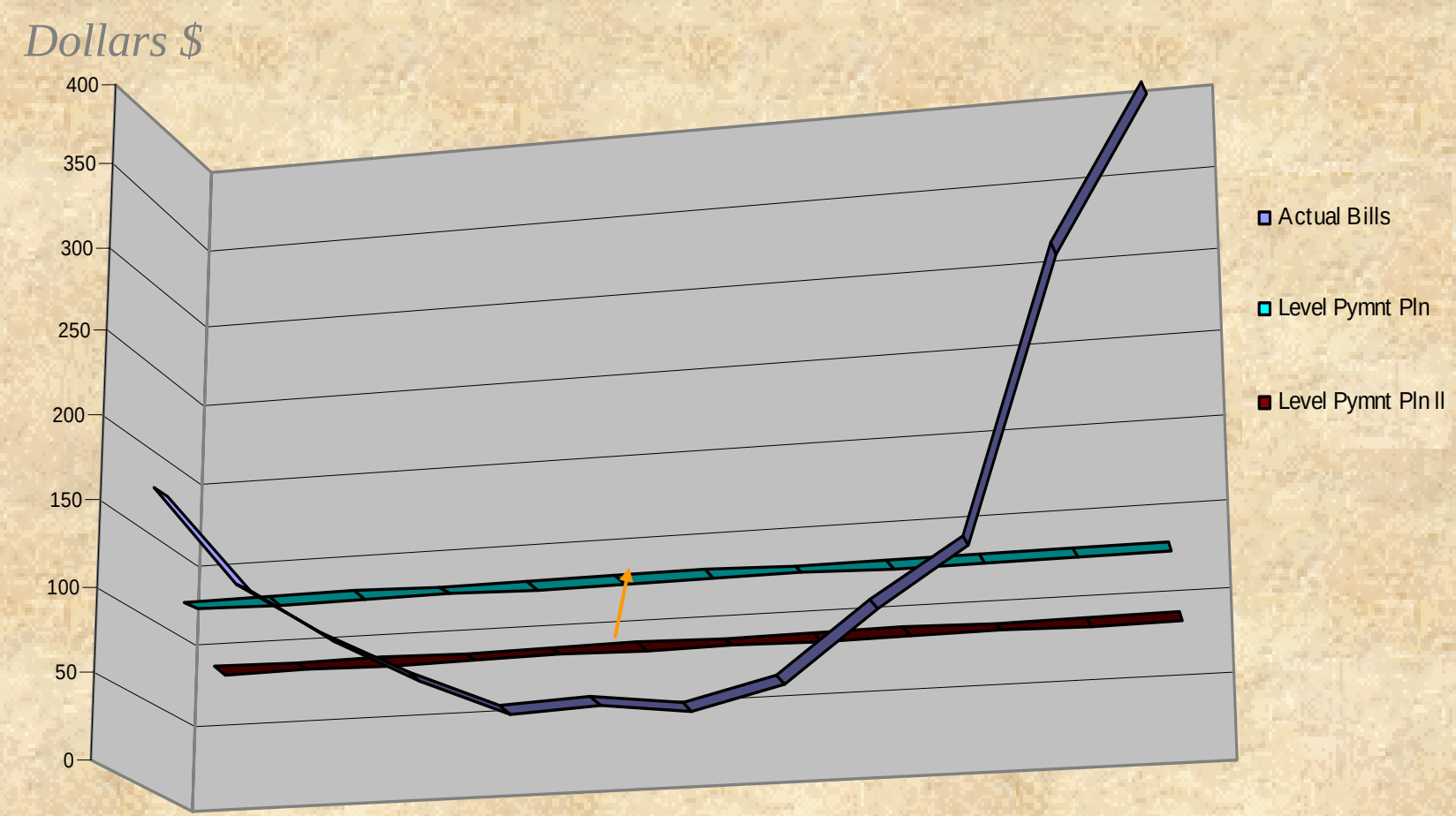
WHAT CAN CONSUMERS DO?

- Check prices of other suppliers.
- Consider joining WGL's budget plan.
- Implement energy efficiency measures.

WHAT YOU SHOULD DO IF YOU CAN'T PAY YOUR NATURAL GAS BILL(S)

- Make and keep payment arrangements with Washington Gas.
- Consider joining Washington Gas' **Level Payment Plan** (spread costs over 12 months).
- Find ways to conserve energy.
- Contact Washington Gas, the Office of Consumer Services in the Public Service Commission, the Office of the People's Counsel, the D.C. Energy Office or other agencies (e.g. LIHEAP, Washington Area Fuel Fund, etc.) for assistance.

WASHINGTON GAS LIGHT LEVEL PAYMENT PLAN (February 2000 through January 2001)

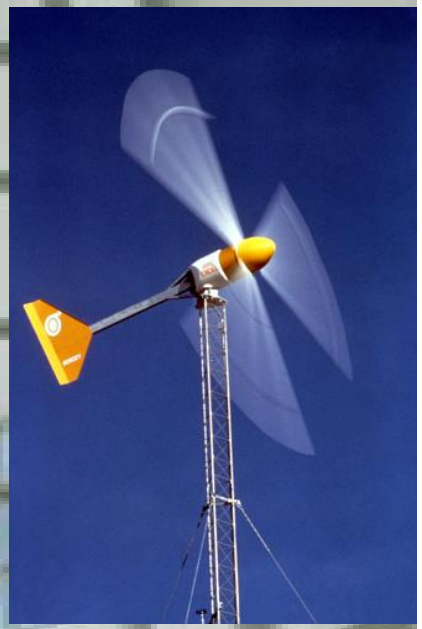


	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	1-Jan
Actual Bills	158.96	100.78	68.51	44	22.4	24.45	18.36	31.44	70	101.43	262.71	350.45
Level Pymnt Pln	105	105	105	105	105	105	105	105	105	105	105	105
Level Pymnt Pln II	78	78	78	78	78	78	78	78	78	78	78	78

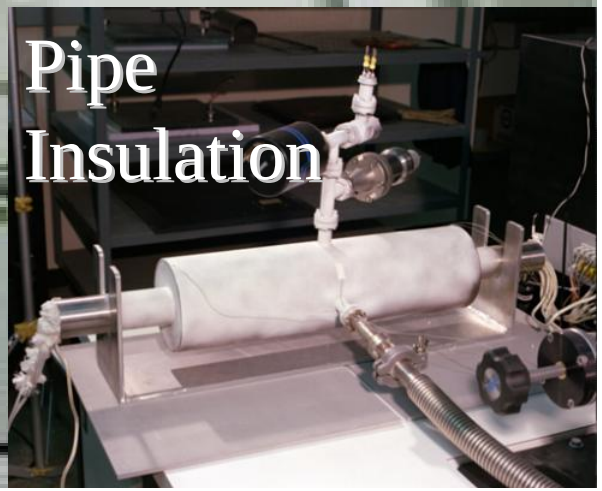
Additional Energy Efficient Ideas

Energy Efficient Bulbs

Alternative Energy Sources



Storm Windows



Pipe Insulation

Watch Your Thermostat

- Set your thermostat at a comfortable setting between 65 and 70 degrees during the day and slightly lower at night.
- When you're away from home for more than a few hours, set your thermostat at 58 degrees.
- Warmer temperatures are recommended for homes with ill or elderly persons or infants.

Long-Term Tips

- Schedule a furnace check-up. *Regular maintenance performed by a qualified professional can help ensure the safe, reliable, and efficient operation of your heating system.*

- Consider purchasing a new, high-efficiency furnace or water heater. *If your furnace or water heater is nearing the end of its normal life span or has experienced problems in the past, a new high-efficiency unit can save you as much as 20% on your heating bills.*

- Consider purchasing a programmable thermostat. *A programmable thermostat automatically reduces temperature settings without sacrificing comfort.*

Day-to-Day Conservation Tips

- Change or clean your furnace filter once a month using your natural gas bill as a reminder.
- Seal leaks around doors, windows, and other openings, such as pipes or air ducts, with caulking or weather-stripping.
- Replace broken or cracked glass and consider installing storm windows
- Dress warmly in the home.
- Close vents and doors in unused rooms and close dampers in unused fireplaces.
- Run you washer and dryer with full loads.
- Never use natural gas stoves/ovens for heating purposes. Continuous burning can lead to **Carbon Monoxide hazard**

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

1333 H STREET, NW

WASHINGTON, DC 20005

(202) 626-5100

www.dcpsc.org

THANK YOU!