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North American Energy Standards Board
1100 Louisiana, Suite 3625
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RE: Draft Base Contract for the Sale and Purchase of Natural Gas

Washington Gas Light Company (WG), the local natural gas distribution company serving the Washington, D. C. metropolitan area and a GISB member, has reviewed the draft Base Contract for Sale and Purchase of Natural Gas and offers the following comments:

1. WG has utilized the GISB Base Contract for Short-Term Sale and Purchase of Natural Gas over the past several years. While WG recognizes the need for some revisions to the document, it does not believe that the contract should be modified with the intent to make it a standardized contract for long-term sales and purchases. Long-term transactions tend to be unique and more complex necessitating the need to negotiate terms different than those contemplated by the draft base contract. Once the base contract has been modified it is no longer a standardized contract. In these instances a separate master contract would have to be executed by the counter-parties. For these reasons, WG does not support the expansion of the contract to long-term transactions.
2. Section 2. Definitions. The following statement should be added: The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Agreement and shall have the meanings ascribed to them therein. Rationale -- The listing is not inclusive of every definition in the contract.
3. Section 7.6. WG supports the addition of netting language to the contract.
4. Section 10. Financial Responsibility. The existing language in Section 10 is adequate to cover short-term transactions. The expansion of this area, in particular the paragraphs dealing with Forward Contract Damages, is not necessary for short-term transactions. WG supports keeping the language in this Section 10 as it exists in the current GISB contract.
5. Section 14.1. Additional language needs to be added to this section to ensure that a contract is not assigned to a parent or affiliate whose creditworthiness is lower than the original party's. With credit issues becoming more and more important in the natural gas industry, it is imperative that this added protection be incorporated in the contract.
6. Section 14.5. WG supports keeping the "Choice of Law" option a fill in the blank. WG does not support the default being Texas or any other state. The Choice of Law should be negotiated between the counter-parties.

7. Section 14.10. WG supports the addition of the confidentiality option. However, WG does not support disclosure to an affiliate and would suggest the reference to an affiliate be deleted.

8. Transaction Confirmation Sheet. Several revisions are requested to the Transaction Confirmation sheet as presented as Exhibit A to the contract.

Credit is a major issue facing the natural gas industry today. Paragraph 2.10 contains the definition for credit support obligation. Within the definition there are various credit instruments identified. It would be helpful to have a place designated on the Transaction Confirmation sheet to identify whether or not credit assurance is required and if so what type of credit instrument is backing the transaction. This could be a check-off box and a fill in the blank.

In addition, the Transaction Confirmation # should be tied to the base contract number. Each party to the base contract can assign its own unique number to the contract. Therefore, the Transaction Confirmation Number should relate to the contract number and have a space for each party's identification number.

9. As a final point, the draft contract needs to be revised to reflect that effective January 1, 2002, the Gas Industry Standards Board (GISB) became the North American Energy Standards Board (NAESB).

WG appreciates the consideration of its comments and would like to thank the Contract Subcommittee for its efforts to update the Base Contract. WG will participate on the Contract Subcommittee to implement the changes proposed. WG would like to have a document it can continue to use for short-term transactions and would be willing to work with the Contract Subcommittee on the development of a separate long-term contract.

Yours very truly,



Adrian P. Chapman