



6801 Industrial Road
Springfield, Virginia 22151

September 26, 2003

VIA FACSIMILE AND ELECTRONIC MAIL

Ms. Rae McQuade, Executive Director
North American Energy Standards Board
1301 Fannin, Suite 2350
Houston, TX 77002

Re: Comments of Washington Gas Light Company Regarding the Contracts Subcommittee
Proposed Credit Support Addendum and User's Guide

Dear Ms. McQuade:

Pursuant to the North American Energy Standards Board ("NAESB") Wholesale Gas Quadrant ("WGQ") request for comments regarding the Credit Support Addendum and associated User's Guide, Washington Gas Light Company ("Washington Gas") submits the following comments for consideration by the Executive Committee ("EC") prior to the vote scheduled October 7 – 9, 2003.


Washington Gas does not support the Credit Support Addendum ("CSA") and the associated User's Guide. While the CSA may be attractive to certain industry participants, Washington Gas does not believe that the CSA is applicable to all industry segments comprising NAESB as evidenced by the narrow industry participation regarding this issue. Therefore the CSA is not appropriate for NAESB endorsement or standardization.

Washington Gas provides natural gas local distribution service to more than 900,000 end-use natural gas consumers in the Washington, D.C. metropolitan area and purchases more than 75,000,000 dekatherms of natural gas on behalf of those customers annually. As a local distribution company ("LDC"), Washington Gas is primarily a purchaser of natural gas and uses the NAESB Base Contract, which provides for collateral requirements given certain triggering events. Endorsing or standardizing the CSA through NAESB would suggest that collateral be posted in the absence of such triggering events. We believe that a standardized NAESB form would provide the seller with an edge in negotiations ultimately costing the natural gas consumer more.

As part of the Interested LDCs^{*}, Washington Gas submitted comments to the Contracts Subcommittee in March 2003 raising concerns that the CSA is not applicable broadly and requested that the CSA be clearly labeled as optional to recognize that the CSA may not be applicable for all transactions. In response to those comments, the User's Guide now acknowledges that the CSA is optional and may not be appropriate for LDCs. However, the prevalence of a "standard" credit support document in the industry, particularly one that is labeled as a NAESB standard, will make it more difficult for parties such as Washington Gas to deviate from the standard for reasonable business purposes.

A document of this type should not be standardized across the energy industry where the interests and objectives of market participants vary as significantly as they do here. Simply acknowledging in the 38 page User's Guide that the CSA may not be appropriate for all industry participants, such as LDCs, is not adequate. Credit support documents should be negotiated between the parties so that they may be tailored to specific business needs and transactions.

Sincerely,



Jennifer B. Deegan
Manager, Federal Regulatory Affairs

Copy: Chairperson Agnes A. Yates - District of Columbia Public Service Commission
Chairman Kenneth D. Schisler - Maryland Public Service Commission
Chairman Hullahen Williams Moore - Virginia State Corporation Commission

* Interested LDCs: Baltimore Gas & Electric, Bay State Gas Company, Columbia Gas of Kentucky, Columbia Gas of Maryland, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Virginia, Energy East, Kokomo Gas & Fuel Company, National Fuel Gas Distribution Corporation, Northern Indiana Fuel & Light Company, Northern Indiana Public Service Company, Northern Utilities Inc., Northwest Natural, PECO Energy, San Diego Gas & Electric Company and Southern California Gas Company ("Sempra Utilities"), and Washington Gas Light Company