

# limitless

energy



safe

clean

efficient

reliable

sustainable

domestic

abundant

accountable

stable

focused

teamwork

positive

we are

# limitless

energy

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

The WGL Holdings family of companies is proud to serve our customers in the Washington, D.C., metropolitan region and beyond.

Our regulated utility, Washington Gas, has provided natural gas service for more than 160 years, with more than one million current customers in the nation's fourth largest regional economy. Our company also operates a natural gas storage facility in West Virginia.

Washington Gas Energy Services sells natural gas and electricity, including energy from renewable sources such as wind and solar, in the District of Columbia, Delaware, Maryland, Pennsylvania and Virginia. Washington Gas Energy Systems provides efficient and sustainable energy solutions to commercial and government customers across the metropolitan region and beyond. Capitol Energy Ventures performs natural gas pipeline asset optimization activities as part of an incremental revenue program. WGL Holdings, Inc. entered a new market in 2011 with an investment agreement with a California-based residential solar system installer.

DISTRICT OF COLUMBIA • MARYLAND • VIRGINIA • DELAWARE

**DC MD VA DE PA WV CA**

PENNSYLVANIA • WEST VIRGINIA • CALIFORNIA



a message to our

# communities

**“ALL LABOR THAT UPLIFTS HUMANITY HAS DIGNITY AND IMPORTANCE AND SHOULD BE UNDERTAKEN WITH PAINSTAKING EXCELLENCE.” —DR. MARTIN LUTHER KING, JR.**

We welcome our readers from all of the communities we serve to our [2011 Corporate Performance Report](#). In the coming pages, we will detail for you the accomplishments that we have achieved this year from all parts of our company. For a more specific discussion of our financial performance in Fiscal Year 2011, we invite you to review our [2011 Corporate Financial Report](#).

At WGL Holdings, Inc., our success is determined primarily by two factors:

We operate our business on a strong foundation of leadership based on proven and balanced strategies for growth, consistency and transparency. Our vision to be the preferred source of clean and efficient energy solutions

that produce value for customers, investors and communities drives both our regulated utility operations as well as our non-utility businesses.

This strength in leadership, however, is only successful because of the dedication to excellence of our employees across the company. In their daily work, through their engagement in achieving our business objectives, their commitment to outstanding service and their devotion to the community, our employees make us proud every day as they exemplify the painstaking excellence about which Martin Luther King spoke.

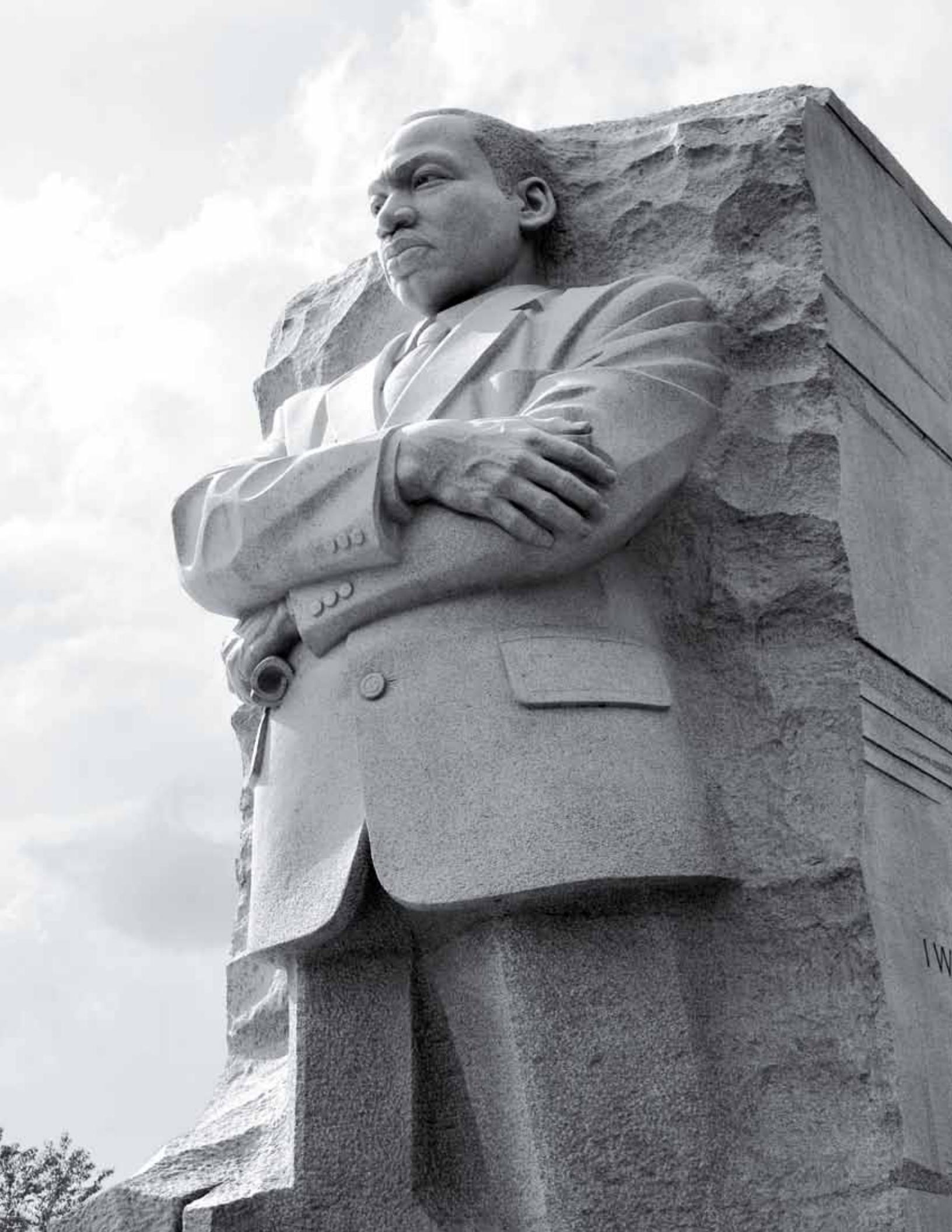
We feature Dr. King in the opening to this report not simply as one of the newest of the historic Washington, D.C., landmarks that memorializes an

epic era in American history, but also because of his message. Dr. King often spoke of limitless possibilities: not only in love and compassion, but also the limitless possibilities of human achievement.

It is in this spirit that we have adopted the theme of [limitless energy](#).

**Natural Gas and Renewable Energy + Efficient Energy + Human Energy = Limitless Energy**

The energy we provide to our customers is clean, efficient and abundant. Whether we are supplying natural gas to more than one million customers in the Washington, D.C., metropolitan area, providing renewable solar and wind energy to customers, designing sustainable energy solutions for government and





every year, every month, every day:

# safety is our top priority.

commercial customers, or developing eco-sensible solutions for our internal operations, we are providing some of the cleanest, most productive energy on the planet to our communities.

However, it is when that natural energy from gas, wind and the sun is combined with the human energy—the devotion, dedication and commitment to excellence—of our employees that we truly can achieve **limitless energy.**

### SAFE ENERGY

Every year, every month and every day, we take great pride in our commitment to deliver energy safely and reliably. Safety has been and always will be our top priority for all of our stakeholders.

Our employees continue to demonstrate excellence in safety performance. Since the inception of our *Always Safe!* program, reductions in accidents and injuries have become a demonstrated trend year after year. 2011 was no exception, as injuries were reduced by 21 percent and vehicle accidents by 28 percent over 2010.

We credit this exceptional performance to the commitment of our employees to safety. In 2011,



We believe that every accident is preventable. In 2011, more than 300 Washington Gas employees received driver safety training, resulting in a reduction in vehicle accidents of more than 28 percent. Other training programs helped us to achieve a 21 percent reduction in injuries.

increased communication about safety issues, best practices and lessons learned; new training programs; and improved processes all contributed to our success in this area. In addition, we take great pride in the fact that many new programs were suggested, initiated or developed by employees and communicated to leadership. Ongoing constructive dialogue is critical to safety performance and we strive every day to make sure that, when it comes to safety, everyone at our company has a voice and takes personal responsibility and accountability both for their safety and for the safety of everyone around them.

This same commitment extends into our community. Our regulated utility has long maintained an excellent

reputation and achieved superior results in system safety and reliability, damage prevention and public awareness.

In 2011, we continued to reduce third-party damages to our pipeline system at an exceptional rate of 99.84 percent. Washington Gas continues to achieve the lowest damage rate of any local distribution company in our Virginia service territory.

As with our internal safety success, damage prevention can be traced to proactive and consistent communications. This year, the safety staff of the Virginia State Corporation Commission commended Washington Gas for our superior public awareness program for pipeline safety, and recommended our communications efforts as a model for other utilities.

responsible energy

# solutions

in all of our businesses.

Our safety performance is also demonstrated in our system reliability. Approximately 99.7 percent of Washington Gas customers experienced no interruption in service throughout this year.

## CLEAN ENERGY

Responsible energy solutions and stewardship of the environment is intrinsic to all of the businesses in the WGL Holdings family of companies. At Washington Gas, we provide natural gas—the cleanest of all fossil fuels—to more than one million customers in the District of Columbia, Maryland and Virginia. Washington Gas also continues to develop new ways to reduce our internal carbon footprint, adding new natural gas vehicles to our fleet, expanding our “Reduce The Commute” telework program for employees, and hosting educational events for employees regarding sustainability at work and at home.

In 2011, working with the Environmental Defense Fund’s Climate Corps program, we identified new sustainability projects for our company—including lighting retrofits, HVAC efficiencies and other measures—that will not only potentially reduce 200 million kilowatt hours of electricity

and 750 metric tons of greenhouse gas emissions, but could also save \$1 million in operational costs.

Externally, our image campaign, anchored by our “**We are limitless energy**” television advertisement, continues our efforts to educate the public about the clean and efficient properties of natural gas. Simultaneously, we continue our efforts to educate public policymakers and community leaders about the importance of natural gas for the future of our region and the nation.

On the non-utility side of our business, **Washington Gas Energy Services (WGEServices)** continues to be a leader in marketing sustainable wind and solar energy, in addition to natural gas, to residential and commercial customers.

At the conclusion of Fiscal Year 2011, WGEServices expanded to more than 4.5 megawatts of installed solar capacity. In 2011, the company entered into a partnership with Perdue, Inc., to install more than six acres of solar panels on Perdue property in Maryland, supplying as much as 90 percent of the facility’s peak energy needs and reducing carbon emissions by nearly 3,000 metric tons per year.

WGEServices is also expanding its commercial wind power portfolio, adding Panera Bread to its growing list of commercial clients. In Maryland, 35 of the popular sandwich chain’s restaurants now purchase 11 million kilowatt hours of 100 percent CleanSteps<sup>SM</sup> WindPower from WGEServices.

## a clean fleet

In 2011, Washington Gas continued to add to its fleet of natural gas vehicles (NGVs), which produce 90 percent fewer harmful emissions than gasoline or diesel fuel. By 2016, one third of our fleet will consist of clean NGVs.



A black and white photograph of Stephanie Jackson, a woman with short dark hair, wearing a dark leather jacket over a white turtleneck sweater. She is smiling and standing in an office environment with shelves and papers visible in the background.

## limitless energy for more than twenty-five years

I have seen many changes working in appliance, telephone and customer service over the years, and we are always looking at new options to help customers use the services that we provide, streamline their interactions with us and enhance the overall customer experience.

One thing that has not changed in all that time is the rewarding feeling you receive when a customer says, “Thank you” and you know you have really helped someone. That feeling keeps us all dedicated and provides us with limitless energy to continue to serve our customers.

**Stephanie Jackson**

Supervisor—Walk-In Customer Service  
Joined Washington Gas in 1980

A black and white photograph of Hardeep Rana, a man with a beard and a turban, wearing a dark suit jacket, a dark shirt, and a patterned tie. He is standing in front of several large maps or technical drawings spread out on a table.

## limitless energy for more than twenty-five years

The advancements in hardware and software technology in natural gas service over the past 30 years are pretty stunning, both in the field and in the office. As engineers, we use those technologies to expand our transmission and distribution system for decades to come.

I see limitless energy every day in our primary mission of safety. While new technologies may help us to fulfill that mission, our success ultimately comes not from those tools, but from the teamwork and unrelenting pursuit by every employee to deliver safe and reliable natural gas service.

**Hardeep Rana**

Director—Corporate Engineering  
Joined Washington Gas in 1978



## limitless energy for more than twenty-five years

When I moved from Washington Gas to Washington Gas Energy Services in 1997, the deregulation of the natural gas and electricity industries meant great prospects for growth in energy marketing. Washington Gas Energy Services was built from scratch, and now with more than 350,000 customers, is a leading competitive energy retailing company in the mid-Atlantic region. We've expanded the business outside the Washington, D.C., area, and have been delivering clean and efficient energy solutions by selling wind energy and solar power, and are working with the Chesapeake Bay Foundation to reduce carbon in the atmosphere and pollution in the Bay. The nation's focus and our corporate focus on sustainability and renewable energy is offering even more opportunity for the years ahead.

When I think of the service our company has provided for the past 163 years and the great team of employees we have across the company today who are committed to serving our customers long into the future, that's where I see limitless energy.

### **Harry Warren**

President—Washington Gas Energy Services  
Joined Washington Gas in 1985

# superior service

to customers and shareholders.

In recognition of its efforts to provide market-driven, cleaner and greener electric and natural gas energy options to business, government and residential customers, WGEServices was named Green Power Supplier of the Year for 2011 by the U.S. Department of Energy.

Our design-build business, **Washington Gas Energy Systems (WGESystems)** continues to expand its client list in providing energy efficient solutions to commercial customers. The company currently has \$95 million in awarded projects and has more than tripled its 2011 active project list as compared to 2010. Government agencies such as the U.S. Nuclear Regulatory Commission, the General Services Administration and the Department of Homeland Security; and institutions like American University and The Catholic University of America continue to look toward WGESystems for improvements to new and existing facilities that not only reduce greenhouse gas emissions, but also generate cost savings. Going forward, WGESystems also will assume management of all commercial solar projects previously recorded with WGEServices.

As with our safety efforts, communication is essential to improving energy efficiency and promoting sustainability.

This year, we launched a new website, [sustainability.wglholdings.com](http://sustainability.wglholdings.com), that provides comprehensive information about our resource stewardship, customer solutions, eco leadership and employee actions with regards to clean and efficient energy.

## CUSTOMER ENERGY

Our natural gas utility customers are the largest portion of our customer base. These customers look to us for safety, reliability and sustainability, and also for quality service. We are proud to continue to maintain very high levels of customer satisfaction this year, in excess of 88 percent throughout the year, and ending the year at 89.2 percent.

We also are expanding an internal customer experience improvement initiative, originally launched in 2010, which seeks to improve interactions between our company and all stakeholders at all points of contact. In 2011, we identified and developed more than two dozen process improvements, some of which were implemented immediately while others will be put into place in the coming year.

The results of those immediate steps can be seen in our improvements in internal benchmarks and are also recognized in our continued high standing in the J.D. Power and

Associates Residential Natural Gas Utility Customer Satisfaction Survey, ranking above average in the East Region.

Superior customer service also means making it easier for residents to become new customers. Even during a slow housing market due to economic conditions, Washington Gas continues to add new meters to its system—nearly 9,900 in 2011. While the new construction market is growing at a slower pace, Washington Gas continues to capture more than 90 percent of that market share.

In addition, our efforts to expand in the multi-family market and in natural gas conversions are outpacing anticipated levels. The work of our employees to offer rebate programs, lower the cost and streamline the process of converting to gas, and other initiatives to expand customer growth can be seen in these markets, which offer large potential for future growth.

Our service to shareholders also remains exemplary. Our record of 161 years of dividend payments and 35 consecutive years of dividend increases remains one of the strongest in the history of the New York Stock Exchange. We maintain top tier credit ratings as well as superior corporate governance standards



# 5

WGL Holdings has been recognized for five consecutive years as a top company for diversity by *Black Enterprise* magazine.

# 89.2%

In mail, telephone and online surveys, Washington Gas achieved a customer satisfaction rate of 89.2 percent in 2011.

# 99.7%

Approximately 99.7 percent of Washington Gas customers experienced no interruption in service throughout the year.

# 124%

Our non-utility businesses achieved 124 percent of targeted earnings in FY 2011.

# 9,745

Washington Gas employees donated nearly 10,000 hours of their time in the community with charitable organizations.



# lending a helping hand for 163 years.

upheld by the diligence of all of our employees.

### DIVERSE ENERGY

WGL Holdings maintains a commitment to diversity in all of our operations. We are proud to have been recognized by *Black Enterprise* magazine for the fifth consecutive year as one of the 40 Best Companies for Diversity in the United States. WGL Holdings was one of only four companies—out of more than 1,000 invited to participate—recognized for strength in diversity in all four measurement categories: suppliers, senior management, workforce and board of directors.

In addition, due to the strength of our supplier diversity program, Washington Gas achieved a supplier diversity spending level of 18.9 percent this year and was named the 2011 Corporation of the Year by the Maryland/D.C. Minority Supplier Development Council.

### COMMUNITY ENERGY

Year over year, our employees take pride in all areas of their work, but find the greatest rewards in reaching out to help those less fortunate. We are a member of our community not just as a utility, or an energy marketer

or design-build firm, but as an institution that has grown alongside our region for 163 years, continually and consistently lending a helping hand to those in need.

In 2011, our employees dedicated a record 9,745 hours of their time volunteering in the communities we serve. Coordinating efforts with non-profit organizations in the areas of health, education and the environment, employee volunteer teams worked on more than 55 projects in the District of Columbia, Maryland and Virginia.

Employees are generous with their resources as well, raising over \$100,000 for 200-plus charities in the annual Employee Giving Campaign; more than \$64,000 for cancer research with The Leukemia & Lymphoma Society's Light The Night

Walk; and in excess of \$32,000 for Junior Achievement to help prepare area students for future success.

In acknowledgment of this work and generosity, Washington Gas was recognized by the *Washington Business Journal* as one of the top 50 companies in the region for social responsibility. The company ranked 12th in employee volunteerism and 17th in corporate philanthropy, both all-time highs.

Our signature philanthropic program, the Washington Area Fuel Fund (WAFF) also saw continued success through the generosity of employees, customers and residents. In 2011, WAFF disbursed approximately \$780,000 to help more than 6,800 residents pay for any type of fuel to heat their homes. Over its nearly 30-year history, WAFF has generated

Washington Gas is proud to continue its relationship with the Girl Scouts of America, and congratulates all of the scouts who worked with us this year and earned their Air Quality Environmental Learning Patch.



approximately \$21.2 million to help nearly a quarter million people.

### ENERGY FOR THE FUTURE

Through all of the work of our employees, who provide safe natural gas service, clean energy solutions, superior customer service and volunteer efforts in the community, we are also proud to have maintained a strong and consistent level of net income through several years of a challenging economy. As the economy continues to recover, both locally and nationally, our company and our employees stand ready and well-positioned to meet the needs of our community with limitless energy.

We are currently working with regulators in our Maryland and Virginia jurisdictions to implement new rates for our customers that will allow us to continue to maintain and invest in a strong pipeline infrastructure. We have achieved success in Virginia in implementing the SAVE pipeline replacement program that enables us to continue to replace and reinforce our natural gas distribution system at an accelerated pace. We continue to seek a similar mechanism in Maryland.

We also continue to develop environmentally responsible internal processes and educate our community about energy efficiency and conservation. We are proud to be near completion

on our new office and operations center in Springfield, Va., which meets high environmental standards and incorporates clean energy technologies.

To demonstrate our commitment to environmental stewardship, Washington Gas recently announced a targeted 70 percent reduction in greenhouse gas (GHG) emissions in our internal operations by 2020. We also have targeted a 12 percent reduction in GHG emissions for every therm of gas delivered through our distribution system by 2015, and an 18 percent reduction by 2020.

**WE THANK YOU FOR YOUR CONTINUED TRUST AND CONFIDENCE IN WGL HOLDINGS AND OUR FAMILY OF COMPANIES: WASHINGTON GAS, WASHINGTON GAS ENERGY SERVICES, WASHINGTON GAS ENERGY SYSTEMS, HAMPSHIRE GAS AND CAPITOL ENERGY VENTURES. WE HAVE BEEN PROUD TO SERVE OUR COMMUNITY FOR 163 YEARS AND WE LOOK FORWARD TO A SUCCESSFUL FUTURE AHEAD AS THE PREFERRED SOURCE OF CLEAN AND EFFICIENT ENERGY SOLUTIONS THAT PRODUCE VALUE FOR CUSTOMERS, INVESTORS AND COMMUNITIES.**

we are limitless

# energy.



**Terry D. McCallister**  
Chairman and Chief Executive Officer



**Adrian P. Chapman**  
President and Chief Operating Officer



## Board of Directors and Company Officers



### a note of thanks

It is with both regret and tremendous gratitude that we say farewell and best wishes this year to our Vice President and General Counsel, Beverly J. Burke. In June, she announced her intent to retire at the end of 2011. Beverly joined our company in 1992 and has been an invaluable member of our leadership team since 1998, first as Vice President and Assistant General Counsel and, since 2001, as Vice President and General Counsel.

We thank Beverly for her wisdom, leadership and guidance in both legal and business issues in her time with WGL Holdings, and we offer her our very best hopes for happiness and continued success upon her retirement.

### Officers

#### **Terry D. McCallister**

*Chairman of the Board and Chief Executive Officer  
WGL Holdings, Inc. and Washington Gas*

#### **Adrian P. Chapman**

*President and Chief Operating Officer  
WGL Holdings, Inc. and Washington Gas*

#### **Vincent L. Ammann, Jr.**

*Vice President and Chief Financial Officer  
WGL Holdings, Inc. and Washington Gas*

#### **Beverly J. Burke**

*(retired effective Dec. 31, 2011)  
Vice President and General Counsel  
WGL Holdings, Inc. and Washington Gas*

#### **Gautam Chandra**

*Vice President  
WGL Holdings, Inc. and Washington Gas*

#### **William R. Ford**

*Controller  
WGL Holdings, Inc. and Washington Gas*

#### **Anthony M. Nee**

*Treasurer  
WGL Holdings, Inc. and Washington Gas*

#### **Arden T. Phillips**

*Corporate Secretary  
WGL Holdings, Inc. and Washington Gas*

#### **Leslie T. Thornton**

*Vice President and General Counsel  
WGL Holdings, Inc. and Washington Gas  
Effective Jan. 1, 2012*

#### **Marcellous P. Frye, Jr.**

*Vice President  
Washington Gas*

#### **Eric C. Grant**

*Vice President  
Washington Gas*

#### **Luanne S. Guterth**

*Vice President  
Washington Gas*

#### **Roberta Willis Sims**

*Vice President  
Washington Gas*

#### **Douglas A. Staebler**

*Vice President  
Washington Gas*

#### **Harry A. Warren**

*President  
Washington Gas Energy Services*



## Board of Directors

- 1 Terry D. McCallister<sup>(1)</sup>**  
*Chairman of the Board and  
 Chief Executive Officer  
 WGL Holdings, Inc. and Washington Gas*
- 2 Michael D. Barnes<sup>(1,4)</sup>**  
*Senior Fellow  
 Center for International Policy*
- 3 George P. Clancy, Jr.<sup>(1,2,3)</sup>**  
*Retired Executive Vice President  
 Chevy Chase Banks FSB  
 (a division of Capital One)*
- 4 James W. Dyke, Jr.<sup>(4)</sup>**  
*Partner  
 McGuire Woods LLP*
- 5 Melvyn J. Estrin<sup>(1,2,3)</sup>**  
*Chairman of the Board and  
 Chief Executive Officer  
 Estrin International*
- 6 Nancy C. Floyd<sup>(4)</sup>**  
*Managing Director  
 Nth Power*
- 7 Diane J. Hoskins<sup>(3)</sup>**  
*Executive Director  
 Genster  
 (resigned effective Dec. 16, 2011)*
- 8 James F. Lafond<sup>(2)</sup>**  
*Retired Area Managing Partner  
 PricewaterhouseCoopers LLP*
- 9 Debra L. Lee<sup>(2)</sup>**  
*Chairman and Chief Executive Officer  
 BET Networks*

## Committee Membership

- (1) Executive
- (2) Audit
- (3) Human Resources
- (4) Governance

# WGL Holdings, Inc

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Washington, DC 20080  
[www.wglholdings.com](http://www.wglholdings.com)



Washington Gas  
Washington Gas Energy Services  
Washington Gas Energy Systems  
Hampshire Gas  
Capitol Energy Ventures

