WGL Holdings, Inc

WGL Holdings, Inc. Subsidiary Updates Estimated Costs of System Rehabilitation Program in Prince George's County, Maryland

WASHINGTON, April 27 /PRNewswire-FirstCall/ -- Washington Gas Light Company (the company), a wholly-owned subsidiary of WGL Holdings, Inc. (NYSE: WGL), today updated its estimated costs to rehabilitate a portion of its distribution system in Prince George's County, Maryland, which has experienced a higher than usual number of outdoor, underground natural gas leaks.

On April 1, 2005, Washington Gas announced that it will take action to address a significant increase in the number of natural gas leaks in a portion of its distribution system in Prince George's County, Maryland, that resulted from the deterioration of seals located within mechanical couplings that connect sections of distribution mains and service lines. Specifically, Washington Gas expects to address all leaks in the affected area within approximately six months of their being identified, and expects to rehabilitate or replace all other coupled service lines and distribution mains in the affected Prince George's County area by December 2007 even if no leaks are detected.

The costs of this work are expected to be recorded as capital expenditures and are currently estimated to be $87 million. This compares with Washington Gas's originally estimated cost of $75 million, two-thirds of which was initially identified as maintenance expense. The current cost estimate reflects an increase in the number of services expected to be replaced, and an expectation that main replacements will be a larger portion of the total project cost versus encapsulating couplings on mains.

The $87 million estimate does not include any potential costs associated with paving, which could amount to as much as $50 million. The substantial nature of the paving cost estimate is attributable in part to the fact that in 2002, Prince George's County expanded paving requirements and increased related fees. Since that time, Washington Gas has discussed with County officials the County's new paving and permitting requirements, and plans to continue those discussions as this important construction project moves forward.

Washington Gas will request that the Public Service Commission of Maryland (PSC) ratify Washington Gas's decision to account for the encapsulation costs of couplings on mains, currently estimated to be $13 million, as capital expenditures. The company has asked the PSC to review its accounting decision by June 15. Washington Gas is also carefully considering the effect of these expenditures on its ability to earn its allowed returns in Maryland and is evaluating the most appropriate regulatory options to ensure full and timely recovery of, and return on, the amounts expended.

The amounts described above related to the matters in Prince George's County represent estimates that could differ materially from the final amount of costs that are actually incurred.

Note: This news release and other statements by the company include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the outlook for earnings, revenues and other future financial business performance or strategies and expectations. Forward-looking statements are typically identified by words such as, but not limited to, "estimates," "expects," "anticipates," "intends," "believes," "plans," and similar expressions, or future or conditional verbs such as "will," "should," "would," and "could." Although the company believes such forward-looking statements are based on reasonable assumptions, it cannot give assurance that every objective will be achieved. Forward-looking statements speak only as of today, and the company assumes no duty to update them.

As previously disclosed in the company's filings with the Securities and Exchange Commission, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: the level and rate at which costs and expenses are incurred in connection with constructing, operating and maintaining the company's natural gas distribution system; variations in weather conditions from normal levels; changes in economic, competitive, political and regulatory conditions and developments; changes in capital and energy commodity market conditions; changes in credit ratings of debt securities of WGL Holdings, Inc. or Washington Gas Light Company that may affect access to capital or the cost of debt; changes in credit market conditions and creditworthiness of customers and suppliers; changes in relevant laws and regulations, including tax, environmental and employment laws and regulations; legislative, regulatory and judicial mandates or decisions affecting business operations or the timing of recovery of costs and expenses; the timing and success of business and product development efforts and technological improvements; the pace of deregulation efforts and the availability of other competitive alternatives; terrorist activities; and other uncertainties. The outcome of negotiations and discussions the company may hold with other parties from time to time regarding utility and energy-related investments and strategic transactions that are both recurring and non-recurring may also affect future performance. For a further discussion of the risks and uncertainties, see the company's most recent annual report on Form 10-K and other reports filed with the Securities and Exchange Commission.

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