WGL Holdings, Inc

101 Constitution Avenue, NW
Washington, DC 20080
www.wglholdings.com

Vincent L. Ammann, Jr.
Vice President and
Chief Financial Officer
(202) 624-6737
(202) 842-2880 FAX
vammann@washgas.com

September 10, 2008

U.S. Securities and Exchange Commission
100 F St., N.E.
Washington, D.C. 20549
Attn: Florence Harmon, Acting Secretary

Re: File No. S7-18-08; Security Ratings, Proposed Rule, Release Nos. 33-8940 and 34-58071

Ladies and Gentlemen:

WGL Holdings, Inc. ("WGL Holdings") and Washington Gas Light Company ("Washington Gas" or the "Company") submit these comments in response to the above-referenced rule proposal issued by the Securities and Exchange Commission (the "Commission") on Security Ratings (herein referred to as the "Ratings Release"). WGL Holdings and Washington Gas are sometimes referred to herein together as "we," "us" and "our."

Washington Gas and WGL Holdings

Washington Gas is a natural gas distribution company and is a subsidiary of WGL Holdings. All of the common stock of Washington Gas is owned by its corporate parent, WGL Holdings. WGL Holdings and Washington Gas both file reports with the Commission pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") and we have at all times been current in filing those reports.

WGL Holdings meets the Commission's definition of a well known seasoned issuer under Rule 405 of the Securities Act of 1933 (the "Securities Act") and is listed on the New York Stock Exchange. Washington Gas has three series of publicly held preferred stock which are traded over the counter.

Our concerns with this rulemaking

In accordance with Securities Act Form S-3, General Instruction I.A, Washington Gas is currently eligible to file registration statements using Form S-3 because Washington Gas files reports under the Exchange Act and it is current in filing of those reports. Since the time that the Commission adopted Form S-3 in 1982, Washington Gas has utilized Form S-3 to register offerings of its non-convertible debt securities under the transaction qualification for non-convertible debt securities that have been rated investment grade by at least one nationally recognized statistical rating organization ("NRSRO"). We refer herein to this transaction test as the "NRSRO test."

Our ability to utilize this efficient financing vehicle has given Washington Gas flexibility in accessing debt markets, reduced the Company's overall cost of capital and benefited over one million utility customers and 40,000 shareholders of the Company's corporate parent, WGL Holdings.

We are concerned about the Commission's proposal in this rulemaking to eliminate the NRSRO test for registration using Form S-3 and replace it with a test for issuance of $1 billion in non-convertible debt securities over a 3 year period (the "$1 billion test"). The adoption of the $1 billion test is likely to disqualify Washington Gas from continuing to use the Form S-3 registration for its non-convertible debt securities because Washington Gas is very unlikely to be able to meet this $1 billion criterion.

Although Washington Gas has made extensive use of the S-3 registration provision for non-convertible debt, it has never issued $1 billion of any type of debt securities over a three year period. Total outstanding non-current debt for Washington Gas is less than $680 million, and less than $200 million of that debt matures within the next three years. Therefore, even considering amounts that might be issued to fund growth in assets and to replace maturing debt, it is highly unlikely that Washington Gas would ever issue $1 billion of debt securities required by the proposed rule over such a period. This would force Washington Gas to use the more costly and time consuming S-1 registration process, as explained by the Commission in footnote 127 of the Ratings Release, increasing the cost to the Company without any corresponding benefit to its stakeholders.

If the Commission's proposal is adopted, Washington Gas will be unable to continue using Rule 415 under the Securities Act to issue non-convertible debt securities on a "continuous or delayed basis." This is because the Washington Gas offerings of non-convertible debt under Rule 415 depends on Rule 415(a)(x), which applies to securities registered or qualified to be registered on Form S-3. There does not appear to be any other provision of Rule 415 that would permit such an offering of non-convertible debt securities on a continuous or delayed basis. This Rule 415 flexibility for non-convertible debt does not appear to us to be available with a Form S-1 registration.

Washington Gas, its investors and utility customers have benefited greatly from the use of Rule 415 and the Form S-3 registration. Since the time Form S-3 and Rule 415 were adopted by the Commission in 1982 and 1983, respectively, Washington Gas has registered non-convertible debt securities ten times using Form S-3 and Rule 415. Since 1991, approximately $1.01 billion of these non-convertible debt securities have been issued in the form of medium term notes (MTNs). Washington Gas has a current registration with the Commission for $300 million of MTNs, of which $50 million have been issued to date. Washington Gas has never incurred a default with respect to any of its debt securities.

As suggested in footnote 127 of the Commission's release, the use of Form S-3 has probably saved our investors and our public utility customers significant costs over the more than 25 years that Washington Gas has used this registration process. Our concern is that if the Commission abandons the NRSRO test and adopts the $1 billion test in its place, our investors and our utility ratepayers will be required to bear additional costs without realizing any significant benefits.

Form S-3 and Rule 415 shelf registration are critically important to meeting the Company's liquidity needs and financing flexibility. In times when short term debt markets are heavily impacted by a credit crisis or when volatility in the commodity markets creates unplanned increases in working capital needs to purchase natural gas for our customers' use, it is vitally important to the Company, its investors and customers that non-current debt markets be available to meet the liquidity needs of the Company on relatively short notice. Given the current uncertainty in both credit and commodity pricing markets, this issue is very timely. Although the intent of the proposed new rules may be to avert unwarranted reliance on credit ratings, the unintended consequences of this proposal extend to issuers of low risk securities such as utility companies. The proposed new rules restrict access to financial markets for issuers that have neither experienced credit related problems nor contributed to market volatility.

The use of Rule 415 has greatly increased the Company's flexibility in timing its debt offerings and accessing capital markets. Management can quickly take advantage of even brief favorable market conditions and issue debt through its agents on very short notice. The Company can also act on reverse inquiries from potential investors, which might offer a more favorable interest rate in exchange for responding to a particular investor's need. In times of volatility in financing markets or limited credit availability, flexible access and speed to market are key to a company's ability to manage its debt costs and maintain its liquidity.

Our comments on the reasons for the Commission's proposal

As we understand the Commission's proposal, the Commission expresses the following concerns and reasons for abandoning the NRSRO test and adopting the $1 billion test (the Commission's statements are in italics below, followed by our comments on these statements):

- *These proposals address concerns about the integrity of the credit rating procedures and methodologies of NRSROs in light of the role they played in determining the security rating for securities that were the subject of the recent turmoil in the credit market.* (Ratings Release, page 4).

- *[W]e believe that having issued $1 billion of registered non-convertible securities over the prior three years would lead to a wide following in the marketplace. These issuers generally have their Exchange Act filings broadly followed and scrutinized by investors and the markets.* (Ratings Release, page 21).

- *Eliminating reliance on ratings in the Commission's rules could also result in greater investor due diligence and investment analysis. In addition, the Commission believes that eliminating the reliance on ratings in its rules would remove any appearance that the Commission has placed its imprimatur on certain ratings.* (Ratings Release, pages 51-52).

Our responses to these concerns

In response to these concerns of the Commission, we must first observe that the non-convertible debt securities that Washington Gas has registered under Form S-3 are probably not the type of security that has been responsible for, or contributed to, the "recent turmoil in the credit market." The Commission recognizes that "most of the

problems in the market have occurred with respect to asset-backed securities" (Ratings Release, page 23). Washington Gas has never issued such asset backed securities.

With respect to the proposed $1 billion test, in our experience, the extent of our following in the marketplace is not tied to the amount of our outstanding debt securities. The debt of Washington Gas is always offered through our distribution agents to institutional investors, not to retail or other small investors. These investors rely on their individual assessments of the Company's financial strength to make their investment decisions. They are less concerned about the volume of debt issued than they are about the financial stability and liquidity of the Company. Therefore, the $1 billion test could limit the Company's access to its most reliable investment base.

The Company maintains its capital structure within stated parameters in order to balance the interests of its debt and equity investors and its customers. Issuing a significant amount of debt only to satisfy a securities regulatory provision would not be prudent financial management.

Regarding the due diligence concern, we think it is unlikely that eliminating the NRSRO rating criteria would result in any increase in meaningful due diligence by investors and analysts. Our investors and MTN distribution agents now conduct substantial and meaningful due diligence on Washington Gas and its debt securities. This due diligence process is most evident during the time a registration statement is being prepared and at the time of issuance of a security "off the shelf." Due diligence is a continuing process as investors, analysts and the general financial community keep current by reading our Exchange Act reports, press releases and participating in our periodic earnings conference calls. In addition, the distribution agreements for the offering of our MTNs routinely require us to prepare and submit additional officer certifications, opinions of counsel and reports from our independent auditors.

With respect to the concern regarding an appearance of the Commission's imprimatur on certain security ratings, we think this concern is already adequately addressed by the Commission's policy on security ratings in Item 10 of Regulation S-K. In that policy, the Commission has stated that if information on ratings is included in a Securities Act registration, the registrant should consider including, among other disclosures, a statement that such a rating is not a recommendation to buy, sell or hold securities. This is coupled with the legend requirement on the face of the prospectus that the Commission has not approved or disapproved of the offered securities. We refer to similar comments previously submitted on this point by the law firm of Mayer Brown LLP.

Responses to specific requests for comment

We submit the following responses to certain of the questions posed by the Commission regarding the proposed adoption of the $1 billion test in place of the NRSRO test. The Commission's questions are stated below in italics, followed by our responses. We have numbered these questions for ease of reference, some of which are sub-parts of the Commission's stated request for comments.

1. Does the proposed eligibility based on the amount of prior registered non-convertible securities issued serve as an adequate replacement for the investment grade eligibility condition?

Response: We do not believe that it is necessary or appropriate to replace the NRSRO test with respect to the S-3 registration of non-convertible debt securities. As noted above, the Commission states that "most of the problems in the market have occurred with respect to asset-backed securities," (Ratings Release, page 23). This concern of the Commission does not seem applicable to all non-convertible debt securities with an investment grade rating. If the Commission's proposal is adopted, it will become more difficult and expensive for otherwise eligible and responsible issuers to issue non-convertible debt securities that do not have the problems that have been associated with certain asset-backed securities.

2. *Would the cumulative offering amount for the most recent three-year period reflect market following? Since most of the problems in the market have occurred with respect to asset-backed securities, should we retain the current eligibility for investment grade non-convertible securities?*

Response: We do not think that the cumulative offering amount is relevant in determining the market following of Washington Gas. Washington Gas is the primary subsidiary in our utility holding company structure, and market following is directly related to the credit quality of the name of Washington Gas. On one hand, the relative infrequency of new debt issuances by Washington Gas can act to increase the attractiveness of these offerings to certain large sophisticated investors seeking diverse investment alternatives. On the other hand, we do not think that market following would change significantly based on whether we issued more non-convertible debt. Given the size of the non-convertible debt market, we do not think that market following varies significantly for the Company based on the cumulative offering amount over recent periods. The Commission should retain the current eligibility for investment grade non-convertible securities because they have not been the source of the turmoil in the credit markets, and there are unnecessary and costly consequences to otherwise substantial issuers, such as Washington Gas.

3. *Would the specific issuers eligible under the investment grade condition be different from the issuers eligible under the proposal?*

Response: It appears to us that Washington Gas would not be able to continue to use Form S-3 to register non-convertible debt securities. As explained above, we believe this will also result in a loss of the ability of Washington Gas to employ the flexibility of the Rule 415 shelf offering. We do not know how many other issuers will be in that position, but we anticipate it will be more than the six companies that the Commission has identified on a preliminary basis (Ratings Release, page 21).

4. *If the Commission adopts a Form S-3 eligibility requirement designed to reflect the market following of a debt issuer, should the condition be sensitive to the number of debt holders? Is it reasonable to expect that analysts would be more likely to follow issuers with a larger number of debt holders insofar as such holders are potential customers of the analysts' products? If so, how should we determine the number of holders?*

Response: We do not believe it would be reasonable to create a condition based on the number of debt holders. The Washington Gas MTN issues under Form S-3 are typically purchased by a relatively small number of institutional investors. Many of the institutional investors that purchase the Washington Gas debt securities conduct their own

investment analysis and do not rely only on securities ratings to make investment decisions.

5. *Should there be an eligibility requirement based on a minimum number of holders of record of non-convertible securities offered for cash?*

Response: As noted in our response to item #4 above, we do not believe it would be reasonable to create a condition based on the number of non-convertible debt holders.

6. *Is the cumulative offering amount for the most recent three-year period the appropriate threshold at which to differentiate issuers? Should the threshold be higher (e.g. $1.25 billion) or lower (e.g. $800 million), and if so, at what level should it be set?*

Response: As noted in our prior responses, we do not believe the NRSRO test should be replaced with a cumulative offering threshold as proposed by the Commission.

7. *Are there any transactions that currently meet the requirements of current General Instruction I.B.2. that would not be eligible to use the form under the proposed revision?*

Response: Yes, by our analysis, Washington Gas would no longer be eligible to register its non-convertible debt securities on Form S-3 because Washington Gas will not have issued $1 billion of those securities within a 3-year period.

8. *Would the proposed threshold increase or decrease the number of issuers eligible to use Form S-3 under the current investment grade criteria?*

Response: As noted above, the proposed threshold would decrease the number of issuers eligible to use Form S-3 for investment grade non-convertible debt securities by at least one, Washington Gas. Also as noted above, we believe that the total number is probably greater than the six companies identified by the Commission on a preliminary basis.

9. *Is there a reason that this Form S-3 eligibility requirement should not mirror the debt only well-known seasoned issuer definition?*

Response: Yes, as explained more fully above in our comments on the reasons for the proposal, we believe there are reasons the proposed S-3 eligibility requirement should not be adopted. In summary, these reasons are (i) the concern for the turmoil in the credit market is not the result of issuance of investment grade non-convertible debt securities; (ii) we do not believe that the extent of our following in the market place will necessarily be enhanced by the $1 billion requirement, and (iii) we think due diligence procedures are already thorough and vigorous and will not improve significantly if the proposal is adopted.

10. *Should the measurement time period for $1 billion of issuance be longer than three years? If so, why? Would it be more appropriate for the threshold to include non-convertible debt securities, other than common equity, outstanding rather than issued over the prior three years?*

Response: As explained further above, we do not support the adoption of any such time period or quantity issued test.

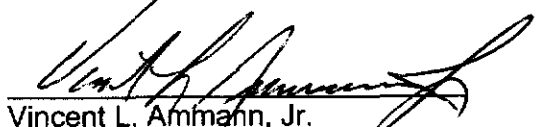
11. *Is there a better alternative by which Form S-3 eligibility for non-convertible securities could be required?*

Response: For the reasons discussed above, we believe the current S-3 provision allowing registration of primary offerings of non-convertible investment grade securities should be retained. Form S-3 registration combined with the Rule 415 delayed or continuous offering provides critical flexibility in the raising of capital for utility companies like Washington Gas. We are not aware of any better alternative for raising this type of capital while providing appropriate protections for our investors.

Conclusion

For the reasons expressed herein, WGL Holdings and Washington Gas respectfully urge the Commission to retain the current transaction qualification for use of Form S-3 for primary offerings of non-convertible investment grade securities and the Rule 415 provision allowing delayed or continuous offering of those securities.

Respectfully submitted,



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