Growing with Washington, Part II

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Special thanks to retired Corporate Secretary Doug Pope for his outstanding research in helping to prepare this book. Thanks also to the employees across the company who contributed to the development of this publication.

“You fuel our success and the success of our communities.”

This book is dedicated to the past and present employees of Washington Gas and the WGL Holdings family of companies who have served our growing and vibrant region for more than 160 years with the highest levels of commitment and devotion.
Preface

In 1948, Washington Gas published Growing with Washington: the Story of Our First Hundred Years. This brief history of our company detailed how natural gas came to be an energy source in the United States, how the Washington Gas Light Company was chartered by Congress in 1848, and the history of the company's growth alongside our nation's capital and the surrounding region over the span of a century.

Well, a lot has changed since 1948. And rapidly!

Instead of waiting until 2048 to create the history of “the second hundred years,” we wanted to provide you with this history of the company’s growth and development in the period since World War II to the present.

The latter half of the 20th century saw some of mankind’s greatest achievements, events that would have been unthinkable when Washington Gas was first founded. From the huge undertaking of sending humans into space and to the moon to the development of the personal computer and the Internet, the wonder of these achievements becomes even more magnified when we consider the ways in which they have changed the way we live and work.

Just as our company did for its first hundred years, Washington Gas—and subsequently WGL Holdings, Inc.—has grown alongside these events: adapting, expanding (sometimes contracting), and adjusting to the ever-evolving community around us.

To celebrate the opening of our new office and operations center home in Springfield, Va., we invite you to take another journey through history with us as we continue, as ever, to grow with Washington.

Sincerely,

Terry D. McCallister
Chairman and Chief Executive Officer
WGL Holdings, Inc. and Washington Gas

Adrian P. Chapman
President and Chief Operating Officer
WGL Holdings, Inc. and Washington Gas

May 11, 2012

Washington Gas’ corporate headquarters resided at 1100 H. St., NW, from 1942–2003. The company would return to this location in 2011 with a new walk-in payment center.
“The Second Hundred Years Begin”

Chapter I
1948–1959

Washington Gas’ East Station property circa 1950.
The Second World War had brought massive transformation to the nation’s capital. The federal government—and the Washington, D.C., area itself—had undergone mushroom-like growth over a scant few years to accommodate wartime needs.

The fighting was over, but those war years had sparked the beginning of a new era of expansion and growth in the Washington area that would continue long after the conflict had ended, and which eventually would come to encompass—and benefit—the entire region surrounding the capital city.

By 1948—one hundred years after receiving its federal charter from Congress—the Washington Gas Light Company found itself right at the center of this growth.

And all the signs were good.

In the wake of the war—and now two years into the Baby Boom—home construction swelled in the Washington area. In 1948, more than 90 percent of the new homes being built were heated with gas. An even greater percentage used gas for heating water and cooking.

In addition, years of wartime rationing of appliances and home heating equipment had been lifted, reviving markets for the use of natural gas.

Moreover, the Washington region’s population was increasing rapidly, pushing up the demand for gas service.

**Right Business, Right Time**

Washington Gas was well positioned to accommodate this growth. With 1,949 employees [1948] under the leadership of President Marcy L. Sperry, the company already distributed gas throughout Washington, D.C.—as well as in the nearby suburban areas of Montgomery and Prince George’s counties in Maryland, the City of Alexandria, and Fairfax and Arlington counties in Virginia.

Four subsidiaries served the region: *Washington Gas Light Company of Maryland, Inc.*, which operated in Maryland and Washington, D.C.; *Rosslyn Gas Company*, which served the City of Alexandria and Arlington and Fairfax counties; *Prince George’s Gas Corporation*, which ran a gas storage and compressor station in Prince George’s County; and *Potomac Gas Company*, which the company created in 1948 to own and operate a new 16-inch transmission line to connect with the company’s pipeline supplier, Atlantic Seaboard Corporation, which brought in gas from Appalachia and Texas.

The year was 1948, and Washington, D.C., was a changed city.
Key Washington Gas facilities in 1948 included the 11th Street headquarters building; the 29th Street service building; the Shirley service building in Arlington, Va.; sales and commercial offices in Hyattsville, Md.; the holder and pumping station in Chillum, Md.; and a manufactured gas plant on the Anacostia River known as “East Station.”

In terms of other infrastructure, the company was clearly on the move. In 1948, Washington Gas recorded its highest ever to date expenditures for new construction—principally to construct gas mains and connections to serve the region’s newly built homes.

Other signs of growth were equally encouraging. As the company entered its second century, Washington Gas in 1948 reached a new milestone with 252,052 meters served—exceeding a quarter-million served for the first time in its history.

It was also the first full year the company distributed natural gas to all of its Washington, D.C., customers—while still maintaining East Station as a back-up manufactured gas facility.

Although gas sales ultimately would double in volume from 1940 to 1950—in part because of the increasing availability of cheap natural gas—home heating installations in 1948 nonetheless had to be limited due to supply constraints.

But that was not to last. New pipeline supplies to the area soon eased the problem, and by the winter of 1949, the company lifted the limitation on new heating customers.

Washington Gas doubled the size of its service territory in the 1950s. Adding new customers started right away in 1950, with a $4.5 million project to bring natural gas to new customers in the growing region.
New Lines of Business

In addition to selling gas, Washington Gas at this time was exploring the sale and marketing of natural gas appliances—not only for heating and cooking, but also for refrigeration and air conditioning.

As part of this effort, the company also tested new gas appliances, conducted advertising campaigns and assisted dealers in financing installment-based sales to customers. That financing program survived into the 1990s as the “Thrift Purchase Plan.”

Spreading the Message

In 1948, Washington Gas consumer outreach efforts included “cooking with gas” demonstrations provided by the company’s Home Service Department—at company sites, in schools and in the homes of new residential gas customers.

But marketing was about to change forever. At the same time that Washington Gas explored its strategy of providing visual demonstrations directly to home customers, the new medium of television was ramping up.
In 1948, four national TV networks—up from two the year before—began to offer a growing slate of programs whose commercial sponsors delivered visual marketing messages directly into customers’ living rooms.

It would not be long before Washington Gas was one of them.

But that era would launch under different leadership. As the decade drew to a close, Washington Gas lost its longtime chief, Marcy Sperry. Having been named the 12th president of Washington Gas in 1932, Sperry died in 1949 while still serving in that post. He was succeeded by Everett J. Boothby, formerly the company’s vice president and general manager.

The 1950s: Shedding the War Economy

The years immediately following World War II were perhaps among the most significant in the history of the U.S. natural gas industry.

Before World War II, there were very few natural gas pipelines in the United States. But as the 1940s came to a close, the natural gas industry began using improved construction techniques to build a distribution network that over the following two decades would comprise thousands of miles of pipeline.1

This expanding distribution system—together with the discovery of new gas fields and reserves in the United States and Mexico, the growth of local infrastructure, increased marketing and sales efforts, and rising consumption—fired up the natural gas industry in the 1950s as never before.

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All across the country, the residential, commercial and industrial use of gas skyrocketed. In fact, by the end of the decade, the 1959 Washington Gas annual report would characterize the 1950s as “the greatest decade in the expansion of the gas industry in 143 years.”

As the 1950s began, however, pipelines initially were unable to keep pace with demand for gas because of the shortage of steel. In 1951, this led to restrictions on the use of natural gas in the District of Columbia and Maryland.

But Washington Gas did more than its fair share in the decade to build out its facilities to expand the use of natural gas in the region.

The company’s gas supply was purchased from Atlantic Seaboard Corporation, a subsidiary of Columbia Gas System. Among its expansion efforts, Washington Gas completed two new major pipeline connections with Atlantic Seaboard during the 1950s—one in 1950 at Rockville, Md., and one in 1956 at Dranesville, Va.

As part of the company’s continued construction program for new transmission facilities, in 1957 Washington Gas installed two 24-inch transmission mains under the Anacostia River. The decade also saw the construction of a number of new Washington Gas facilities across its service area. Beginning in 1951, these included construction of a storage facility in Rockville (subsequently enlarged by 25 percent in 1957); construction of the Chillum substation starting in 1955; and completion of an additional service building adjacent to the 29th Street service building in 1957.

In the wake of its changeover to straight natural gas, the company in 1955 sold two of the 10 acres that had been devoted to its “West Station” manufactured gas plant, and gave the purchaser an option on the remaining property. The development planned for the site, the Potomac Plaza Center, later came to be known as the Watergate complex.

During this decade of growth and expansion, in 1956, Washington Gas completed a major pipeline connection with supplier Atlantic Seaboard in Dranesville, Va.
In the early 1950s, the company also began to conduct geological studies and test drillings to locate a natural underground storage formation in the region that would be capable of holding large quantities of stored natural gas.

Test wells drilled in 1954 and 1955 near Brandywine in Prince George’s County identified a subterranean formation that appeared to be suitable for gas storage. As it continued exploration and testing, the company paid property owners in the area for rights to store gas under their land.

Following the lead of gas companies in other states, Washington Gas pursued legislation in the 1955 Maryland General Assembly which would grant gas companies the right of eminent domain in acquiring such gas storage areas if utility regulators found it in the public interest. When the legislation failed to pass, the company instead decided to enlarge its propane storage facilities. It would be another 10 years before the Maryland legislature approved a bill granting eminent domain power for the acquisition of gas storage properties.

**The “New” Washington Gas**

During the 1950s, Washington Gas also underwent a structural and physical transformation.

First, the company changed its corporate structure. Its four subsidiaries—Washington Gas Light Company of Maryland, Inc., Rosslyn Gas Company, Prince George’s Gas Corporation, and Potomac Gas Company, were merged in 1953 into the parent company, Washington Gas.
In compliance with Virginia law, Washington Gas also became a domestic corporation of Virginia to complete its merger with Rosslyn Gas. At the same time, the company continued to remain incorporated in the District of Columbia and to retain its charter granted by Congress. Washington Gas retained its federal charter until 1956, when the company incorporated under the District of Columbia Code. Thereafter, through the time of this writing, Washington Gas remained incorporated under both Virginia and District of Columbia law.

Washington Gas also expanded its physical reach in 1959 by acquiring a controlling interest in Shenandoah Gas Company. At the time, Shenandoah served about 1,300 customers, including customers in Winchester, Va.

Throughout the decade, the Washington Gas service territory continued to grow substantially and increase in population.

The Commonwealth of Virginia proved to be especially fertile ground for expanding the company’s franchise footprint. In 1955, Washington Gas added the town of Fairfax, Va., to its service territory.

In 1958 and 1959, the company’s reach into Virginia expanded though the addition of franchise areas in Fairfax, Prince William and Loudoun counties.

All in all, during the 1950s the company’s total franchise more than doubled—growing from 195 square miles to 420 square miles. When combined with the area served by the more sparsely populated Shenandoah Gas franchise, the company’s service territory totaled 3,890 square miles.

As the decade began to wind down, the company made an addition to its corporate leadership team. Washington Gas President Everett Boothby—who, in addition to assuming the role of president in 1949, was named chairman of the board in 1954—stepped down from the presidency in 1958 and was succeeded by Donald Bittinger. Boothby would continue on as chairman and chief executive officer.

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Outstanding service by employees noted at the highest levels.

This letter from Vice President Richard Nixon serves as high-profile recognition of the long-standing commitment by Washington Gas employees to excellent customer service.
During the 1950s, Washington Gas also underwent a structural and physical transformation.

The New World of Marketing
A number of factors combined to drive the company’s exceptional growth in sales and operations during the 1950s. These drivers included the company’s new, larger service territory, a quickly growing population, and vigorous marketing efforts.

It was this last factor—marketing—that seized on the post-war boom in home construction, and on American consumers’ demand for the latest home appliances.

After years of being denied basic conveniences by a wartime economy, consumers proved to be a receptive audience for promotional efforts that conveyed the ease and convenience of gas air conditioning and heating, gas refrigeration and gas dryers.

By mid-decade, the use of gas for space heating and water heating was the choice of more than 95 percent of all new individual homes, and “built-in” gas appliances were becoming popular with builders.

As Washington Gas ramped up sales promotion programs in conjunction with gas appliance dealers, builders, architects and media, the company’s marketing efforts increasingly used the new medium of television for conveying the benefits of gas.

Four local television shows featured natural gas demonstrations. By the early 1950s, each local station had a studio equipped with an all-gas kitchen that could be tapped as a setting for any program that required it.

On the national front, Washington Gas, along with other members of the gas industry, co-sponsored the popular TV show “Playhouse 90.”

More locally, Washington Gas television promotions included “Margaret’s Kitchen,” a half-hour gas cooking demonstration program featuring Margaret Matthews of the company’s Home Service Department.

As influential as television was becoming as a marketing tool, however, it did not supplant the company’s in-person promotions.

At the same time that Washington Gas was exploring the advantages of TV, the Home Service Department continued to conduct in-person outreach.
Employees visit the D.C. General Hospital a few days before Christmas in 1956 to give presents to patients in the children’s wing.


Washington Gas has been a strong corporate citizen throughout its history. President Everett Boothby receives an Award of Merit for community service from the Board of Trade in 1956.
In 1959, dispatcher William Gray uses a new, copyrighted route index system to coordinate service in Virginia.
In 1957, for example, Home Service demonstrators made nearly 6,300 visits to the homes of purchasers of new gas ranges and other gas kitchen appliances.

Every year, the department also continued to conduct hundreds of demonstrations before organizations, dealer groups, and high school, college and vocational school audiences.

**Looking to the Next Decade**

As Washington Gas prepared to enter the 1960s, the company found itself in excellent shape.

Over the decade, customer meters had increased by almost 50 percent, growing from 262,688 to 392,807. During those years, space heating meters alone had risen by more than 300 percent, from 71,537 in 1949 to 240,478 in 1959—representing about 60 percent of total meters.

Over the course of a decade of record expansion, the company’s total capitalization had more than doubled, growing from $52 million at the end of 1949 to $121 million at the end of 1959. Washington Gas’ net income reached new highs in eight of the 10 years between 1949 and 1959.

All of these factors contributed to exceptional growth in the company’s bottom line. Washington Gas reported net income of $5.9 million in 1959—more than triple the $1.6 million reported in 1949.