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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
 Brainard Gas Corporation to Change)
 its Depreciation Accrual Rates and) Case No. 04-1719-GA-AAM
 to Amortize the Depreciation Reserve)
 Adjustment.)

APPLICATION

Applicant, Brainard Gas Corporation, is a public utility subject to the jurisdiction of this Commission, requests authority from your Commission to change its depreciation accrual rates for the reason that the present average service lives and net salvage values will not provide for the adequate depreciation of its property over its estimated useful life. The Applicant's current depreciation accrual rates were not prescribed by the Commission, but instead were set based on Generally Accepted Accounting Principles (GAAP) or the Internal Revenue Service and have been in effect since operations began on January 1, 1999. Attached and marked as Exhibit "A" is a tabulation of the current and proposed depreciation accrual rates for the Applicant's various plant accounts. The Applicant requests that the change in accrual rates be made effective as of January 1, 2004. Attached and marked as Exhibit "B" is a calculation showing the change in the annual depreciation expense that would result with the approval of the proposed accrual rates.

Applicant, further requests authority from your Commission to make adjustments to the depreciation reserve for the Applicant's various plant accounts as shown on Exhibit "C". Approval of these proposed entries will result in better correlation of the reserve account balances with the age distribution of the invested dollars for each plant account. Further, the Applicant requests that it be permitted to amortize the total adjustment shown on Exhibit "C" of (\$1,719) over one year, effective January 1, 2004. Applicant proposes to book this adjustment in Account 403.1, Depreciation and Depletion Expense.

RECEIVED-DOCKETING DIV
 2004 NOV 15 AM 9:19
 PUCO

Respectfully Submitted,



Edward J. Bonk
 President
 Brainard Gas Corporation
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 Orange Village, Ohio 44022
 (216) 591-9110

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Brainard Gas Corporation
Accrual Rates Summary

Acct No	Account Description	<-----Current----->			<-----Proposed----->		
		ASL	ANS%	AR% (a)	ASL	ANS%	AR% (b)
	<u>Distribution Plant</u>						
374	Land Rights	15.0	0.0	6.67	20.0	0.0	5.00
376	Mains	15.0	0.0	6.67	45.0	(20.0)	2.67
381	Meters	15.0	7.9	6.14	30.0	0.0	3.33
383	House Regulators	15.0	0.1	6.66	30.0	0.0	3.33
	<u>General Plant</u>						
391.1	Office Furniture			0.00 (c)	20.0	0.0	5.00
391.3	Computer Eqpt			0.00 (c)	5.0	0.0	20.00
392	Transportation Eqpt			0.00 (c)	5.0	0.0	20.00
394	Tools, Shop, & Garage Eqpt			0.00 (c)	15.0	0.0	6.67

(a) Current Accrual Rates in effect since January 1, 1999 not prescribed by the PUCO

(b) Proposed Accrual Rates effective January 1, 2004

(c) No current investment in these accounts

Brainard Gas Corporation
Depreciation Expense Summary

Acct No	Account Description	Plant In Service (a)	Current Accrual Rate% (b)	Depreciation Expense (c)	Proposed Accrual Rate% (d)	Depreciation Expense (e)	Difference (f)
	<u>Distribution Plant</u>						
374	Land Rights	15	6.67% \$	1	5.00% \$	1 \$	
376	Mains	154,333	6.67%	10,294	2.67%	4,121	(6,173)
381	Meters	21,195	6.14%	1,301	3.33%	706	(595)
383	House Regulators	9,411	6.66%	627	3.33%	313	(314)
	<u>General Plant</u>						
391.1	Office Furniture	0	0.00%	0	5.00%	0	
391.3	Computer Eqpt	0	0.00%	0	20.00%	0	
392	Transportation Eqpt	0	0.00%	0	20.00%	0	
394	Tools, Shop, & Garage Eqpt	0	0.00%	0	6.67%	0	
	Totals	184,954		12,223		5,141	(7,082)

Applicant's Plant In Service at January 1, 2004

(a) Current Accrual Rates
 (b) Columns: (a * b)
 (c) Proposed Accrual Rates
 (d) Columns: (a * d)
 (e) Columns: (e - c)
 (f)

Brainard Gas Corporation
Depreciation Reserve Summary

<u>Acct No</u>	<u>Account Description</u>	<u>Book Reserve (a)</u>	<u>Study Adjustments (c)</u>	<u>Adjusted Book Reserve (d)</u>
	<u>Distribution Plant</u>			
374	Land Rights	\$ 0	\$ 4	\$ 4
376	Mains	22,012	(2,077)	19,935
381	Meters	2,529	202	2,731
383	House Regulators	1,309	152	1,461
	<u>General Plant</u>			
391.1	Office Furniture	0		0
391.3	Computer Eqpt	0		0
392	Transportation Eqpt	0		0
394	Tools, Shop, & Garage Eqpt	0		0
	Totals	\$ 25,850	\$ (1,719)	\$ 24,131

(a) Applicant's Book Reserve at January 1, 2004
(b) Adjustments to Reserve by Study
(c) Columns: (a + b)