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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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Application **Not** for an Increase in Rates,
Pursuant to Section 4909.18, Revised Code

Application of Columbia Gas of Ohio, Inc.) to Revise its CHOICE® Program Tariffs to) Reflect a Revised Index.	**Case No. 04- 1167 -GA-ATA**

APPLICATION
OF COLUMBIA GAS OF OHIO, INC.

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1. APPLICANT RESPECTFULLY PROPOSES: (Check applicable proposals)

__ New Service   _X_ Change in Rule or Regulation

__ New Classification   __ Reduction Rates

__ Change in Classification   __ Correction of Error

__ Other, not involving increase in rates:

__ Various related and unrelated textual revision, without change in intent

2. DESCRIPTION OF PROPOSAL:

Columbia's CHOICE® Program tariffs contain several references to the transfer of gas balances at an index rate published in *Gas Daily*. However, *Gas Daily* will cease publication of the referenced index rate on July 31, 2004. Therefore, Columbia proposes to substitute a new index rate for the discontinued index rate.

3. TARIFFS AFFECTED: See Exhibit B

4. ATTACHED HERETO AND MADE A PART HEREOF ARE:

_X_ Exhibit A - existing schedule sheets (to be superseded) if application is approved.

_X_ Exhibit B - proposed schedule sheets.

_X_ Exhibit B-1 – "Red-lined" tariff sheets showing changes made to existing tariffs.

__ Exhibit C-1

a. if new service is proposed, describe;

b. if new equipment is involved, describe (preferably with a picture, brochure, etc.) and where appropriate, a statement distinguishing proposed service from existing services;

c. if proposed service results from customer requests, so state, giving if available, the number and type of customers requesting proposed service.

_X_ Exhibit C-2 - if a change of classification, rule or regulation is proposed, a statement explaining reason for change.

__ Exhibit C-3 - statement explaining reason for any proposal not covered in Exhibits C-1 or C-2.

5. This Application will not result in an increase in any rate, joint rate, toll, classification, charge or rental.

6. Columbia respectfully requests that the Commission expeditiously approve this Application and the proposed tariffs attached hereto.

Respectfully submitted by
COLUMBIA GAS OF OHIO, INC.

Stephen B. Seiple

Stephen B. Seiple
Trial Attorney

Stanley J. Sagun, Assistant General Counsel
Stephen B. Seiple, Lead Attorney
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Attorneys for Applicant
COLUMBIA GAS OF OHIO, INC.

AFFIDAVIT

STATE OF OHIO	)	
	)	**ss:**
FRANKLIN COUNTY	)	

K. I. Shroyer, being first duly cautioned and sworn, deposes and says that she is a Vice President of Columbia Gas of Ohio, Inc., Applicant herein, that the statements and schedules submitted herewith contain proposed revisions to existing schedule sheets, establish the facts and grounds upon which this Application is based, and that the data and facts set forth herein are true to the best of her knowledge and belief.

Kathryn Shroyer

K. I. Shroyer
Vice President

Sworn to before me and subscribed in my presence this 19th day of July 2004.

Sharon L. Booth

Notary Public

SEAL

NOTARIAL SEAL STATE OF OHIO

SHARON LEE BOOTH
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 11-09-07

AFFIDAVIT

STATE OF OHIO)
) **ss:**
FRANKLIN COUNTY)

Gary W. Pottorff, being first duly cautioned and sworn, deposes and says that he is the Treasurer of Columbia Gas of Ohio, Inc., Applicant herein, that the statements and schedules submitted herewith contain proposed revisions to existing schedule sheets, establish the facts and grounds upon which this Application is based, and that the data and facts set forth herein are true to the best of his knowledge and belief.

Gary W Pottorff

Gary W. Pottorff
Corporate Secretary

SEAL

Subscribed and sworn to before me this 21st day of July 2004

Corinne B. Johnson

Notary Public
My Commission Expires 2/15/08
County of Residence Lake

CORINNE B. JOHNSON
Lake County
My Commission Expires
February 15, 2008

EXHIBIT A

EXISTING SCHEDULE SHEETS

SECTION VII

PART 17 - CAPACITY ASSIGNMENT OPTION

Quantity (MDSQ) as the ratio that exists between the SCQ and the MDSQ of the Company's FSS contract. Retail Natural Gas Suppliers that elect storage assignment must meet a minimum prescribed storage inventory of 98% on November 1; a minimum inventory level of 30% on February 18; and a minimum inventory level of 2% on April 1. Retail Natural Gas Suppliers must pre-authorize Columbia Gas Transmission Corporation to provide inventory information for these dates to the Company.

Retail Natural Gas Suppliers electing FSS capacity assignment shall also be assigned the associated SST capacity. The SST quantity to be assigned for the months of October through March shall be equivalent to the MDSQ of the assigned FSS capacity. The SST quantity assigned for the months April through September shall be equivalent to 50% of the MDSQ of the assigned FSS capacity, rounded up to the nearest whole Dth.

When assignments of FSS and associated SST capacity become effective in any month other than April, the Retail Natural Gas Supplier will pay the Company for all related but unrecovered FSS and SST demand charges as if the capacity had been assigned on the prior April 1st. These charges will be determined through the use of a Demand Cost Recovery Factor (DCRF), which provides for recognition of FSS and SST demand costs previously recovered by the Company. The resulting unrecovered demand costs to be paid to the Company by the Retail Natural Gas Supplier will be equal to twelve months of FSS and SST demand charges on the assigned capacity multiplied by the applicable DCRF as listed below.

Demand Cost Recovery Factors

May	-2.2%
June	-1.1%
July	2.3%
August	6.4%
September	10.7%
October	15.0%
November	21.0%
December	23.8%
January	22.1%
February	17.2%
March	12.0%

17.4 Storage Gas Inventory Transfers

For any assignment of FSS, other than for the month of April, the Company will make a corresponding gas inventory transfer in proportion to the Company's projected gas storage inventory level on the first day for the effective month of the FSS capacity assignment. The price of the gas transferred by the Company to the Retail Natural Gas Supplier will be equal to the higher of:

1) the Company's applicable LIFO rate, plus gross receipts taxes; or

2) the price reported in *Gas Daily* for the first trading day of the month of inventory transfer, under the heading "City Gates, Columbia Gas, delivered, Midpoint" adjusted for the transportation commodity, retainage and gross receipts taxes as reflected in the following formula:

Price per Dth Paid to the Company = [(Index Price – SST Commodity Rate) * (1 - SST Retainage)] * (1 + Gross Receipts Tax)

SECTION VII
PART 17 - CAPACITY ASSIGNMENT OPTION

Retail Natural Gas Suppliers will be required to pay for such storage gas and any unrecovered demand charges in advance of the first day of the month of the FSS capacity assignment and the associated transfer, unless other arrangements, acceptable to the Company, have been completed.

17.5 Return of Capacity and Storage Inventory Prior to End of Assignment Term

The Company may, at its option, recall assigned capacity from a Retail Natural Gas Supplier if that Retail Natural Gas Supplier subsequently quits or is excluded from further participation in the Company's Customer CHOICE^{SM} Program, as provided in Section VII, Part 15, Code of Conduct, in this tariff, or if a Retail Natural Gas Supplier assigns some or all of its Customer Group to another Retail Natural Gas Supplier without reassigning the associated capacity to that Retail Natural Gas Supplier. If the Company recalls storage capacity, then the Company shall have the option to buy all or some portion of the storage gas inventory held by the Retail Natural Gas Supplier.

If the Company elects to purchase such storage gas inventory, the Retail Natural Gas Supplier shall work with Columbia Gas Transmission Corporation to transfer the gas to the Company's FSS account. The price paid by the Company shall be 95% of the price reported in *Gas Daily* for the first trading day of the month of inventory transfer, under the heading "City Gates, Columbia Gas, delivered, Midpoint", adjusted for the transportation commodity and retainage as reflected in the following formula:

Price per Dth paid by the Company = 0.95*[(Index Price – SST Commodity Rate) * (1 – SST Retainage)]

In circumstances other than those described above, if a Retail Natural Gas Supplier requests to return assigned capacity on any day other than on the expiration date of the assignment, the Company may agree to a return of the capacity at its sole discretion. Such return may include a transfer of storage gas inventory to the Company as part of a mutual agreement.

Regardless of the reason for the return of capacity to the Company, the Retail Natural Gas Supplier shall remain responsible for all demand and commodity costs, fees, penalties, and other costs incurred from the interstate pipeline and related to service prior to the return of the capacity.

SECTION VII
PART 23 - RECONCILIATION OF CONSUMPTION AND SUPPLIER DELIVERIES

23.1 Annual Reconciliation of Imbalances

The Company will reconcile imbalances on an annual basis as of July 31st each year for each Retail Natural Gas Supplier, through determination of the difference between: (1) the Retail Natural Gas Supplier's total deliveries to the Company for the twelve-month period ended July 31st for each of its Aggregation Pools and (2) the total consumption of each of the Retail Natural Gas Supplier's Aggregation Pools, including any adjustments applicable to the period ended July 31st.

The Company will pay the Retail Natural Gas Supplier for imbalances resulting from excess deliveries. The Retail Natural Gas Supplier will pay the Company for imbalances resulting from under deliveries. The unit price to be paid to resolve any such imbalance will be the average for the twelve-month period ended July of the price reported in *Gas Daily* for the first trading day of the month, under the heading "City Gates, Columbia Gas, delivered, Midpoint".

EXHIBIT B

PROPOSED SCHEDULE SHEETS

SECTION VII
PART 17 - CAPACITY ASSIGNMENT OPTION

Quantity (MDSQ) as the ratio that exists between the SCQ and the MDSQ of the Company's FSS contract. Retail Natural Gas Suppliers that elect storage assignment must meet a minimum prescribed storage inventory of 98% on November 1; a minimum inventory level of 30% on February 18; and a minimum inventory level of 2% on April 1. Retail Natural Gas Suppliers must pre-authorize Columbia Gas Transmission Corporation to provide inventory information for these dates to the Company.

Retail Natural Gas Suppliers electing FSS capacity assignment shall also be assigned the associated SST capacity. The SST quantity to be assigned for the months of October through March shall be equivalent to the MDSQ of the assigned FSS capacity. The SST quantity assigned for the months April through September shall be equivalent to 50% of the MDSQ of the assigned FSS capacity, rounded up to the nearest whole Dth.

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Demand Cost Recovery Factors

May	-2.2%
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a) the Company's applicable LIFO rate, plus gross receipts taxes; or

SECTION VII
PART 17 - CAPACITY ASSIGNMENT OPTION

b) the price reported in *Platts Inside FERC's Gas Market Report* for the month of inventory transfer, in the monthly report titled "Prices of spot gas delivered to pipelines", under the column heading "Index" for Columbia Gas Transmission Corp., Appalachia adjusted for the SST Commodity Rate, SST Retainage, FSS Retainage, FSS Injection Charge and gross receipts or other applicable taxes, as reflected in the following formula:

Price per Dth Paid to Columbia = {(Index Price / (1 –SST Shrinkage Rate) + SST Commodity Charge) / (1 - FSS Shrinkage Rate) + Injection Charges} * (1 + Gross Receipts Tax Rate)

Retail Natural Gas Suppliers will be required to pay for such storage gas and any unrecovered demand charges in advance of the first day of the month of the FSS capacity assignment and the associated transfer, unless other arrangements, acceptable to the Company, have been completed.

17.5 Return of Capacity and Storage Inventory Prior to End of Assignment Term

The Company may, at its option, recall assigned capacity from a Retail Natural Gas Supplier if that Retail Natural Gas Supplier subsequently quits or is excluded from further participation in the Company's Customer CHOICE[SM] Program, as provided in Section VII, Part 15, Code of Conduct, in this tariff, or if a Retail Natural Gas Supplier assigns some or all of its Customer Group to another Retail Natural Gas Supplier without reassigning the associated capacity to that Retail Natural Gas Supplier. If the Company recalls storage capacity, then the Company shall have the option to buy all or some portion of the storage gas inventory held by the Retail Natural Gas Supplier.

If the Company elects to purchase such storage gas inventory, the Retail Natural Gas Supplier shall work with Columbia Gas Transmission Corporation to transfer the gas to the Company's FSS account. The price paid by the Company shall be 95% of the price reported in *Platts Inside FERC's Gas Market Report* for the month in which the inventory is transferred, in the monthly report titled "Prices of spot gas delivered to pipelines", under the column heading "Index" , for Columbia Gas Transmission Corp., Appalachia adjusted for the SST Commodity, SST Retainage, FSS Retainage and FSS Injection Charge as reflected in the following formula:

Price per Dth Paid to Columbia = 95% * {(Index Price / (1 –SST Shrinkage Rate) + SST Commodity Charge) / (1 - FSS Shrinkage Rate) + Injection Charges}

In circumstances other than those described above, if a Retail Natural Gas Supplier requests to return assigned capacity on any day other than on the expiration date of the assignment, the Company may agree to a return of the capacity at its sole discretion. Such return may include a transfer of storage gas inventory to the Company as part of a mutual agreement.

Regardless of the reason for the return of capacity to the Company, the Retail Natural Gas Supplier shall remain responsible for all demand and commodity costs, fees, penalties, and other costs incurred from the interstate pipeline and related to service prior to the return of the capacity.

SECTION VII

PART 23 - RECONCILIATION OF CONSUMPTION AND SUPPLIER DELIVERIES

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Price per Dth Paid = {(Sum of Index Prices For 12-Months/12) / (1 –FTS Shrinkage Rate) + FTS Commodity Charge) * (1 + Gross Receipts Tax Rate)

EXHIBIT B-1

"RED-LINED" TARIFF SHEETS

SECTION VII
PART 17 - CAPACITY ASSIGNMENT OPTION

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~~2)the price reported in *Gas Daily* for the first trading day of the month of inventory transfer, under the heading "City Gates, Columbia Gas, delivered, Midpoint" adjusted for the transportation commodity, retainage and gross receipts taxes as reflected in the following formula:~~

~~Price per Dth Paid to the Company = [(Index Price – SST Commodity Rate) * (1 - SST Retainage)] * (1 + Gross Receipts Tax)~~

SECTION VII
PART 17 - CAPACITY ASSIGNMENT OPTION

b) the price reported in *Platts Inside FERC's Gas Market Report* for the month of inventory transfer, in the monthly report titled "Prices of spot gas delivered to pipelines", under the column heading "Index" for Columbia Gas Transmission Corp., Appalachia adjusted for the SST Commodity Rate, SST Retainage, FSS Retainage, FSS Injection Charge and gross receipts or other applicable taxes, as reflected in the following formula:

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If the Company elects to purchase such storage gas inventory, the Retail Natural Gas Supplier shall work with Columbia Gas Transmission Corporation to transfer the gas to the Company's FSS account. The price paid by the Company shall be 95% of the price reported in ~~*Gas Daily* for the first trading day of the month of inventory transfer, under the heading "City Gates, Columbia Gas, delivered,~~*Platts Inside FERC's Gas Market Report* for the month in which the inventory is transferred, in the monthly report titled ~~Midpoint", adjusted for the transportation commodity and retainage~~"Prices of spot gas delivered to pipelines", under the column heading "Index", for Columbia Gas Transmission Corp., Appalachia adjusted for the SST Commodity, SST Retainage, FSS Retainage and FSS Injection Charge as reflected in the following formula:

Price per Dth ~~paid by the Company = 0.95*[(Index Price – SST Commodity Rate) * (1 – SST Retainage)]~~Paid to Columbia = 95% * {(Index Price / (1 –SST Shrinkage Rate) + SST Commodity Charge) / (1 - FSS Shrinkage Rate) + Injection Charges}

In circumstances other than those described above, if a Retail Natural Gas Supplier requests to return assigned capacity on any day other than on the expiration date of the assignment, the Company may agree to a return of the capacity at its sole discretion. Such return may include a transfer of storage gas inventory to the Company as part of a mutual agreement.

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Price per Dth Paid = {(Sum of Index Prices For 12-Months/12) / (1 -FTS Shrinkage Rate) + FTS Commodity Charge) * (1 + Gross Receipts Tax Rate)

EXHIBIT C-2

STATEMENT EXPLAINING REASON FOR PROPOSAL

Columbia's CHOICE® Program tariffs – Section VII Sheet Numbers 17 page 2 of 3, 17 page 3 of 3, and 23 page 1 of 1 – contain references to an index price (plus adjustments) described as "the price reported in *Gas Daily* for the first trading day of the month, under the heading 'City Gates, Columbia Gas, delivered, Midpoint.'" *Gas Daily* will cease publication of this index rate subsequent to July 31, 2004. Therefore, Columbia's tariffs referenced above contain a reference to an index that will soon be discontinued.

Columbia proposes to substitute a new index for the discontinued *Gas Daily* index. The index that best approximates the discontinued *Gas Daily* index, and which Columbia proposes to substitute (plus adjustments) for the *Gas Daily* index in the tariffs, is described as "*Platts Inside FERC's Gas Market Report* in the monthly report titled 'Prices of spot gas delivered to pipelines,' under the column heading 'Index' for Columbia Gas Transmission Corp., Appalachia."

The *Gas Daily* index referenced city gate prices. However the *Platts* index references a Columbia Transmission pool rate. As a result, the use of the substituted *Platts* index also requires some revision of the accompanying adjustments in recognition of the need to get gas to the city gate or into storage. These revised adjustments are also reflected in the proposed tariff sheets accompanying this application.