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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbia
Gas of Ohio, Inc. for Authority to Revise its
Depreciation Accrual Rates.

)
) PUCO Case No. 05-114-GA-AAM
)

APPLICATION OF COLUMBIA GAS OF OHIO, INC.

1. Columbia Gas of Ohio, Inc. ("Columbia") is a natural gas company within the meaning of Ohio Revised Code § 4905.03(A)(6), and as such, is a public utility subject to the jurisdiction of the Public Utilities Commission of Ohio ("Commission").

2. Pursuant to Ohio Revised Code § 4905.18, the Commission is required to ascertain, determine and prescribe what are the proper and adequate charges for depreciation of several classes of property for each public utility.

3. On October 25, 1999, a stipulation was filed in PUCO Case Nos. 94-987-GA-AIR et al. As part of that stipulation, the stipulating parties agreed that Columbia's depreciation accrual rates should be revised. Paragraph 22 of the stipulation provided, in pertinent part,

The parties recommend that the Commission authorize Columbia to revise its depreciation accrual rates, and that the Commission approve the revised depreciation accrual rates found in Attachment D for the period January 1, 1999 through December 31, 2004. Subsequent to December 31, 2004, Columbia will advise the Collaborative on the need to readjust its depreciation accrual rates as necessary and appropriate to recover its regulatory investment of property, plant and equipment.

On December 2, 1999, the Commission issued an Entry that adopted the stipulation.

4. On October 9, 2003, an additional stipulation was filed in PUCO Case Nos. 94-987-GA-AIR et al. Paragraph 25 of that stipulation provided, in pertinent part,

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Pursuant to paragraph 22 of the 1999 Stipulation, Columbia will subsequently file an application to adjust its depreciation accrual rates. This application will be based upon a depreciation study utilizing whole life rates. Said application will be filed no later than November 1, 2004.

On March 11, 2004, the Commission issued an Entry that adopted the stipulation, with modifications. Additional modifications to the stipulation were addressed in Entries on Rehearing dated May 11, 2004 and June 9, 2004. None of the Commission's modifications to the stipulation impacted the depreciation provisions of paragraph 25.

5. Columbia has retained Gannett Fleming Valuation and Rate Consultants, Inc. ("Gannett Fleming") to perform a depreciation study of Columbia's facilities. Gannett Fleming has recommended new straight-line whole life accrual rates, as documented in its study.

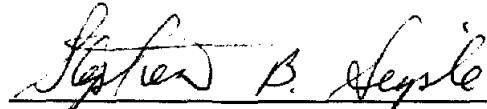
6. At the request of the Commission's Staff, Columbia did not file by November 1, 2004, the application contemplated by paragraph 25 of the most recent stipulation in PUCO Case Nos. 94-987-GA-AIR et al. At Staff's request, Columbia instead provided Staff with a copy of Gannett Fleming's depreciation study so that Staff could review it prior to the filing of a formal application. Columbia has been informed that Staff has now completed its review.

7. Attached, as Exhibit A hereto, is a summary of Columbia's current and proposed accrual rates. This attachment further indicates the estimated survivor curves, net salvage percent and average service life used in the determination of these accrual rates.

8. Attached, as Exhibit B hereto, is a schedule that sets forth by account, annual accruals at Columbia's current and proposed accrual rates shown on Exhibit A based on original plant balances at December 31, 2003. This schedule demonstrates that the Commission's approval of Columbia's proposed depreciation accrual rates will result in a reduction in annual accruals of \$1,509,718 based on plant in service at December 31, 2003.

WHEREFORE, consistent with the results of Gannett Fleming's depreciation study, Columbia requests that the Commission approve the proposed depreciation accrual rates for gas property and plant shown on Exhibit A. This change in depreciation accrual rates will allow Columbia to recover its investment in property, plant and equipment and in no event exceed said investment.

Respectfully submitted by
COLUMBIA GAS OF OHIO, INC.



Stephen B. Seiple, Lead Counsel

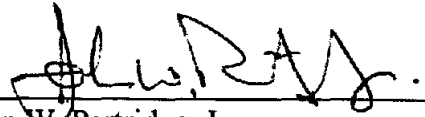
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Attorneys for Applicant
COLUMBIA GAS OF OHIO, INC.

AFFIDAVIT


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

John W. Partridge, Jr., being first duly cautioned and sworn, deposes and says that he is the 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 his knowledge and belief.



John W. Partridge, Jr.
President

Sworn to before me and subscribed in my presence this 26th day of January 2005.



Notary Public

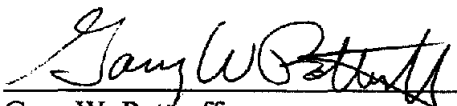


SHARON LEE BOOTH
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 11-09-07

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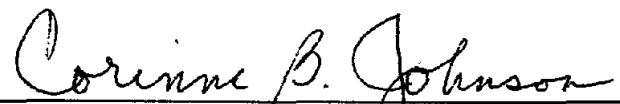
STATE OF INDIANA)
) **ss:**
LAKE COUNTY)

Gary W. Pottorff, being first duly cautioned and sworn, deposes and says that he is the Corporate Secretary 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
Corporate Secretary

Sworn to before me and subscribed in my presence this 26TH day of January 2005.



Notary Public

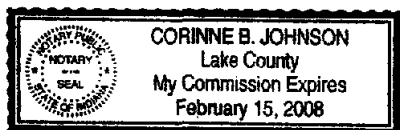


EXHIBIT A

Columbia Gas Of Ohio, Inc.
Comparison of Current and Proposed Depreciation Accrual Rates

Acct. No.	Description	Current Accrual Rates				Proposed Accrual Rates			
		Curve	Life	Net Salvage	Accrual Rate % (a)	Curve	Life	Net Salvage	Accrual Rate % (b)
Distribution Plant:									
375	Structures & Improvements								
375.34	Meas. & Reg. Structures & Imprv.	R1.5	60	(50)	2.51	R2	55	(50)	2.73
375.56	Indust. Meas & Reg. Structures & Imprv	R-1	37	(50)	4.05	R1	39	(50)	3.85
375.7	Other Distribution Systems Struct.	RO.5 *	80	0	3.84	S0.5-75	Lifespan	0	2.58
	Other Dist. Sys. Other Small Struct.	R1	37	(50)	4.04	R1	37	(50)	4.05
375.8	Communications Structures	R2.5	50	0	2.00	R3	50	0	2.00
376	Mains	S1	68	(27)	1.87	R2	68	(30)	1.91
378	M& R Station Eqpt-General	IO.5	37	(10)	2.97	RO.5	35	(10)	3.14
379	M& R Station Eqpt-City Gate	IO.5	37	(10)	2.97	R1.5	31	(10)	3.55
380	Services	R2	50	(60)	3.20	R2	50	(50)	3.00
381	Meters	R3	39	5	2.43	R2.5	41	2	2.39
381.1	Automated Meter Reading Devices	R2	15	0	6.67	R3	15	0	6.67
382	Meter Installations	R3	52	(15)	2.21	SQ	50	0	2.00
383	House Regulators	R4	32	(20)	3.76	R3	35	(25)	3.57
384	House Regulators Installation	R3	32	0	3.13	R3	35	(25)	3.57
385	Industrial M&R Equipment	O1	31	(10)	3.55	O1	30	(10)	3.67
386	Other Property Customer Premise								
387	Other Equipment								
387	Other Eqpt-General	R1	17	0	5.82	R1	17	(5)	6.18
387.4	Other Eqpt.-Customer Information Services	S1.5	10	0	9.48	S1	20	0	5.00
General Plant:									
391.4	Office Furniture & Equipment	SQ-Amort	20	0	5.00	SQ-Amort	20	0	5.00
391.5	Office Furniture & Equipment	SQ-Amort	5	0	20.00	SQ-Amort	5	0	20.00
392	Transportation Eqpt. Trailers	SQ-Amort	15	0	6.67	SQ-Amort	15	0	6.67
393	Stores Equipment	SQ-Amort	30	0	3.33	SQ-Amort	30	0	3.33
394	Tools, Shop & Garage Eqpt	SQ-Amort	25	0	4.00	SQ-Amort	25	0	4.00
394.11	CNG Equipment	L2	10	0	10.00	S1	10	0	10.00
395	Laboratory Equipment	SQ-Amort	20	0	5.00	SQ-Amort	20	0	5.00
396	Power Operated Equipment	L2.5	11	30	6.36	L2.5	12	30	5.83
398	Miscellaneous Equipment	SQ-Amort	20	0	5.00	SQ-Amort	20	0	5.00

(a) Current Depreciation Rates approved by Commission December 2, 1999 in Case No. 94-987-GA-AIR et. al.
See Attachment D, Third Amendment to Joint Stipulation & Recommendation Filed October 25, 1999.

(b) Applicant Depreciation Study Table 1

(c) Accrual Rate = (100-ns%)/asl

* Indicates the use of an interim survivor curve and retirement date.

Amortization of undepreciated balance
SQ-Amort

EXHIBIT B

Columbia Gas of Ohio, Inc.
Comparison of Calculated Whole Life Annual Depreciation Expense
Current vs. Proposed Rates

Depreciable Group (1)	Original Cost at December 31, 2003 (2)	Current Accrual Rate		Proposed Accrual Rate		Change (7) = (6) - (4)
		Whole Life Accrual Rate (3)	Calculated Accrued Depreciation (4) = (2) X (3)	Whole Life Accrual Rate (5)	Calculated Accrued Depreciation (6) = (2) X (5)	
DISTRIBUTION PLANT						
Structures and Improvements						
375.34 Measuring and Regulating	4,089,599.67	2.51%	102,649	2.73%	111,646	8,997
375.56 Industrial Measuring and Regulating	74,133.53	4.05%	3,002	3.85%	2,854	(148)
375.7 Other Distribution System						
Distribution System Structures	16,066,799.46	3.84%	616,965	2.58%	414,523	(202,442)
Other Small Structures	1,940,794.27	4.04%	78,408	4.05%	78,602	194
Total Account 375.70	18,007,593.73		695,373		493,126	(202,248)
375.8 Communication Structures	579,973.41	2.00%	11,599	2.00%	11,599	-
Total Account 375	22,751,300.34		812,624		619,225	(193,399)
Mains						
376 Meas. And Reg Equipment - General	781,057,452.51	1.87%	14,605,774	1.91%	14,918,197	312,423
378 Meas. And Reg Equipment - City Gate	15,232,575.26	2.97%	452,407	3.14%	478,303	25,895
379 Services	8,306,198.33	2.97%	246,694	3.55%	294,870	48,176
380 Meters	425,085,387.90	3.20%	13,602,732	3.00%	12,752,562	(850,171)
381 Automated Meter Reading Devices	88,880,761.57	2.43%	2,159,803	2.39%	2,124,250	(35,552)
381.1 Meter Installations	35,006.75	6.67%	2,335	6.67%	2,335	-
382 House Regulators	59,439,366.81	2.21%	1,313,610	2.00%	1,188,787	(124,823)
383 House Regulator Installations	17,499,187.60	3.76%	657,969	3.57%	624,721	(33,248)
384 Industrial Meas. & Reg. Equipment	34,330,844.61	3.13%	1,074,555	3.57%	1,225,611	151,056
385 Other Equipment	10,062,254.64	3.55%	357,210	3.67%	369,285	12,075
Other Equipment						
387 General	444,669.88	5.82%	25,880	6.18%	27,481	1,601
387.4 Customer Information Services	17,652,050.51	9.48%	1,673,414	5.00%	882,603	(790,812)
Total Account 387	18,096,720.39		1,699,294.18		910,083.12	(789,211)
Total Distribution Plant	1,480,777,056.71		36,985,009		35,508,230	(1,476,779)

Columbia Gas of Ohio, Inc.
Comparison of Calculated Whole Life Annual Depreciation Expense
Current vs. Proposed Rates

Depreciable Group (1)	Original Cost at December 31, 2003 (2)	Current Accrual Rate Calculated Accrued Depreciation (4) = (2) X (3)		Proposed Accrual Rate Calculated Accrued Depreciation (6) = (2) X (5)		Change (7) = (6) - (4)
		Whole Life Accrual Rate (3)	Whole Life Accrual Rate (5)	Whole Life Accrual Rate (5)	Whole Life Accrual Rate (6)	
GENERAL PLANT - Depreciable						
394.11 CNG Facilities	5,123,800.11	10.00%	10.00%	512,380	512,380	-
396 Power Operated Equipment	6,214,797.70	6.36%	5.83%	395,261	362,323	(32,938)
Total General Plant Depreciable	11,338,597.81			907,641	874,703	(32,938)
Subtotal Depreciable Plant	1,492,115,654.52			37,892,650	36,382,932	(1,509,718)
GENERAL PLANT - Amortizable						
Office Furniture and Equipment						
391.4 Fully Accrued	12,613.41	0.00%	0.00%	-	-	-
Amortized	7,611,354.04	5.00%	5.00%	380,568	380,568	-
Total Account 391.4	7,623,967.45			380,568	380,568	-
Information Systems						
391.5 Fully Accrued	1,012,139.65	0.00%	0.00%	-	-	-
Amortized	4,092,013.46	20.00%	20.00%	818,403	818,403	-
Total Account 391.5	5,104,153.11			818,403	818,403	-
Transportation Equipment - Trailers > 1000						
392.2 Fully Accrued	-	0.00%	0.00%	-	-	-
Amortized	949,502.26	6.67%	6.67%	63,332	63,332	-
Total Account 392.2	949,502.26			63,332	63,332	-
Transportation Equipment - Trailers > 1000						
392.21 Fully Accrued	-			-	-	-
Amortized	11,367.89	6.67%	6.67%	758	758	-
Total Account 392.21	11,367.89			758	758	-

Columbia Gas of Ohio, Inc.
Comparison of Calculated Whole Life Annual Depreciation Expense
Current vs. Proposed Rates

393	Stores Equipment Fully Accrued Amortized Total Account 393	Depreciable Group (1)	Original Cost at December 31, 2003 (2)	Current Accrual Rate		Proposed Accrual Rate		Change (7) = (6) - (4)
				Whole Life Accrual Rate (3)	Calculated Accrued Depreciation (4) = (2) X (3)	Whole Life Accrual Rate (5)	Calculated Accrued Depreciation (6) = (2) X (5)	
			1,606.61	0.00%	-	0.00%	-	-
			453,079.24	3.33%	15,088	3.33%	15,088	-
			454,685.85		15,088		15,088	-
394	Tools, Shop and Garage Equipment Fully Accrued Amortized Total Account 394		51,943.58	0.00%	-	0.00%	-	-
			12,916,168.98	4.00%	516,647	4.00%	516,647	-
			12,968,112.56		516,647		516,647	-
395	Laboratory Equipment Fully Accrued Amortized Total Account 395		1,154.00	0.00%	-	0.00%	-	-
			131,393.44	5.00%	6,570	5.00%	6,570	-
			132,547.44		6,570		6,570	-
398	Miscellaneous Equipment Fully Accrued Amortized Total Account 398		83,571.64	0.00%	-	0.00%	-	-
			1,431,374.35	5.00%	71,569	5.00%	71,569	-
			1,514,945.99		71,569		71,569	-
	Total Amortizable		28,759,282.55		1,872,933		1,872,933	-
	Subtotal Depreciable/Amortizable Plant		1,520,874,937.07		39,765,583		38,255,866	(1,509,718)

Columbia Gas of Ohio, Inc.
Comparison of Calculated Whole Life Annual Depreciation Expense
Current vs. Proposed Rates

Depreciable Group (1)	Original Cost at December 31, 2003 (2)	Current Accrual Rate		Proposed Accrual Rate		Change (7) = (6) - (4)
		Whole Life Accrual Rate (3)	Calculated Accrued Depreciation (4) = (2) X (3)	Whole Life Accrual Rate (5)	Calculated Accrued Depreciation (6) = (2) X (5)	
NONDEPRECIABLE PLANT						
301.00	Organization Costs	25,937.07				
374.10	Land	185,714.40				
374.20	Land	2,845,134.21				
374.30	Land Rights	221,157.52				
374.40	Land Rights	2,373,884.65				
374.50	Rights of Way	13,966,112.29				
375.21	Structures - Exchange	(3,747.27)				
	Subtotal Nondepreciable Plant	19,614,192.87				
OTHER AMORTIZABLE PLANT						
302	Franchises & Consents	67.59				
303	Misc. Intangible Plant	4,589,743.24				
303.1	Intangible Plant -DIS Software	125,887.45				
303.3	Intangible Plant - Miscellaneous software	12,056,081.44				
375.71	Other Distribution Structures - Improvements to Leased Property	2,637,296.10				
378.32	Electronic Flow Computer	30,041.44				
390.21	Structures & Improvements - General Office	5,703,455.03				
	Subtotal Amortizable Plant	25,142,572.29				
	Total Gas Plant	1,565,631,702.23	39,765,583.20	38,255,865.50		(1,509,718)