

# SECURITIES AND EXCHANGE COMMISSION

## FORM U-1

Application or declaration under the act 1935

Filing Date: **1994-09-22**  
SEC Accession No. **0000950133-94-000217**

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### FILER

#### **COLUMBIA GAS SYSTEM INC**

CIK: **22099** | IRS No.: **131594808** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **U-1** | Act: **35** | File No.: **070-08471** | Film No.: **94549959**  
SIC: **4923** Natural gas transmission & distribution

Business Address  
20 MONTCHANIN RD  
WILMINGTON DE 19807  
3024295000

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form U-1

JOINT APPLICATION-DECLARATION  
UNDER  
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

<TABLE>

<S>

THE COLUMBIA GAS SYSTEM, INC.  
COLUMBIA GAS SYSTEM SERVICE CORPORATION  
COLUMBIA LNG CORPORATION  
COLUMBIA ATLANTIC TRADING CORPORATION  
TRISTAR VENTURES CORPORATION  
TRISTAR CAPITAL CORPORATION  
20 Montchanin Road  
Wilmington, DE 19807

COLUMBIA NATURAL RESOURCES, INC.  
COLUMBIA COAL GASIFICATION CORPORATION  
900 Pennsylvania Avenue  
Charleston, WV 25302

COLUMBIA ENERGY SERVICES CORPORATION  
2581 Washington Road  
Upper Saint Clair, PA 15241

</TABLE>

<C>

COLUMBIA GULF  
TRANSMISSION COMPANY  
1700 MacCorkle Avenue, S.E.  
Charleston, WV 25314

COLUMBIA GAS DEVELOPMENT  
CORPORATION  
One Riverway  
Houston, TX 77056

COMMONWEALTH PROPANE, INC.  
COLUMBIA PROPANE CORPORATION  
800 Moorefield Park Drive  
Richmond, VA 23236

COLUMBIA GAS OF KENTUCKY, INC.  
COLUMBIA GAS OF OHIO, INC.  
COLUMBIA GAS OF MARYLAND, INC.  
COLUMBIA GAS OF PENNSYLVANIA, INC.  
COMMONWEALTH GAS SERVICES, INC.  
200 Civic Center Drive  
Columbus, OH 43215

-----  
(Names of company or companies filing this statement  
and addresses of principal executive offices)

THE COLUMBIA GAS SYSTEM, INC.

-----  
(Name of top registered holding company parent of  
each applicant or declarant)

L. J. Bainter, Treasurer  
THE COLUMBIA GAS SYSTEM, INC.  
20 Montchanin Road  
Wilmington, DE 19807

-----  
(Name and address of agent for service)

(Other Agents for Service are Listed on the  
Reverse Side of the Front Cover)

Names and Addresses of Subsidiary Company Agents for Service:

<TABLE>

<S>

W. H. HARMON, Treasurer  
Columbia Natural Resources, Inc.  
Columbia Coal Gasification Corp.  
900 Pennsylvania Avenue  
Charleston, West Virginia 25302

<C>

D. L. GELBAUGH, Vice President  
Columbia Gas of Ohio, Inc.  
Columbia Gas of Kentucky, Inc.  
Commonwealth Gas Services, Inc.  
Columbia Gas of Pennsylvania, Inc.

D. DETAR, Treasurer  
TriStar Ventures Corporation  
20 Montchanin Road  
Wilmington, Delaware 19807

J. W. GROSSMAN, Treasurer  
Columbia LNG Corporation  
Columbia Atlantic Trading Corp.  
20 Montchanin Road  
Wilmington, Delaware 19807

L. J. BAINTER, Vice President  
Columbia Gas System Service Corp.  
TriStar Capital Corporation  
20 Montchanin Road  
Wilmington, Delaware 19807

H. F. HAYES, Treasurer  
Commonwealth Propane, Inc.  
Columbia Propane Corporation  
800 Moorefield Park Drive  
Richmond, Virginia 23236  
</TABLE>

Columbia Gas of Maryland, Inc.  
200 Civic Center Drive  
Columbus, Ohio 43215

S. L. Parks Downey, Asst. Treasurer  
Columbia Gulf Transmission Company  
1700 MacCorkle Avenue, S.E.  
Charleston, West Virginia 25314

J. R. LISEBY, Treasurer  
Columbia Gas Development Corp.  
One Riverway  
Houston, Texas 77056

ROBERT GUSTAFSON, Controller  
Columbia Energy Services Corp.  
2581 Washington Road  
Upper Saint Clair, PA 15241

-----  
(Names and Addresses of Other Agents for Service)

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Item 1. Description of Proposed Transaction.

(a) Furnish a reasonably detailed and precise description of the proposed transaction, including a statement of the reasons why it is desired to consummate the transaction and the anticipated effect thereof. If the transaction is part of a general program, describe the program and its relation to the proposed transaction.

The Columbia Gas System, Inc. ("Columbia"), a Delaware Corporation, and a holding company registered with the Securities and Exchange Commission ("Commission") under the Public Utility Holding Company Act of 1935 ("the Act"), and the following wholly owned subsidiary companies, are Joint Applicants-Declarants:

Distribution Subsidiaries -

Columbia Gas of Pennsylvania, Inc. ("Columbia Pennsylvania")  
Columbia Gas of Ohio, Inc. ("Columbia Ohio")  
Columbia Gas of Maryland, Inc. ("Columbia Maryland")  
Columbia Gas of Kentucky, Inc. ("Columbia Kentucky")  
Commonwealth Gas Services, Inc. ("Commonwealth Services")

Transmission Subsidiary -

Columbia Gulf Transmission Company ("Columbia Gulf")

Exploration and Development Subsidiaries -

Columbia Gas Development Corporation ("Development")  
Columbia Natural Resources, Inc. ("Columbia Natural")

Other Subsidiaries -

Columbia Coal Gasification Corporation ("Coal Gasification")

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Columbia Energy Services Corporation ("Energy Services")

Columbia Gas System Service Corporation ("Service")

Columbia Propane Corporation ("Columbia Propane")

Commonwealth Propane, Inc. ("Commonwealth Propane")

TriStar Ventures Corporation ("TriStar Ventures")

TriStar Capital Corporation ("TriStar Capital")

Columbia Atlantic Trading Corporation ("Columbia Atlantic")

Columbia LNG Corporation ("Columbia LNG")<sup>1</sup>

The foregoing named subsidiaries are principally engaged in one or more phases of the natural gas business. All such companies, other than Energy Services, Columbia LNG, Columbia Atlantic and TriStar Ventures, are hereinafter referred to collectively as "the Subsidiaries." Columbia and the Subsidiaries are sometimes hereinafter collectively referred to as the "System".

The System is seeking Commission authorization for: (A) the recapitalization of Columbia Gulf, Development and Coal Gasification, collectively referred to as the "Recapitalization Subsidiaries"; (B) the 1995 and 1996 Long-Term and Short-Term Financing Programs of the Subsidiaries; and (C) continuation of the Intrasystem Money Pool ("Money Pool") in 1995 and 1996, all as more fully described herein.

- -----

1 In 1993, Columbia LNG and PEPCO Enterprises established a partnership jointly and owned and controlled to develop a peaking service at Columbia LNG's Cove Point Terminal (Release No. 35-25993; 70-8313). Financing for Columbia LNG is covered in File No. 70-8317.

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Certain financing transactions of Columbia's state-regulated companies (Columbia Kentucky, Columbia Ohio, Columbia Pennsylvania, and Commonwealth Services) will require authorization of the various state commissions. Petitions will be filed with the appropriate state commissions and such transactions will be carried out in accordance with express state commission authorizations. These regulatory approvals are more fully described in Items 3 and 4.

Background:

Through the Subsidiaries, Columbia operates an interconnected natural gas system that is engaged in all phases of the natural gas industry including exploration, production, storage, purchase, transmission and local distribution by the state- regulated utility companies. Prior to July 31, 1991, substantially all external funding of the System had been implemented through public equity and debt offerings by Columbia and short-term borrowings by Columbia from banks and through the sale of its commercial paper. The proceeds were provided to the Subsidiaries on comparable terms through purchases of debt or equity from the Subsidiaries or, in the case of short-term funds, through advances on open account from Columbia or through the Money Pool.

Columbia Gas Transmission Corporation ("Columbia Transmission"), the larger of the interstate transmission companies owned by Columbia, experienced significant financial difficulties related to the purchase of high cost gas under long-term contracts which resulted in both Columbia and Columbia Transmission seeking protection from creditors under Chapter 11 of the Bankruptcy Code (the "Code") on July 31, 1991.

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After filing for protection from its creditors under the Code, Columbia negotiated debtor-in-possession ("DIP") financing in order to fund the operating needs of its subsidiaries other than Columbia Transmission. Columbia Transmission negotiated its own DIP financing.

An order approving a \$275,000,000 Secured Revolving Credit Facility, among Columbia, The Banks Parties Thereto and Chemical Bank (as successor to Manufacturers Hanover Trust Company), as Agent, (the "DIP Facility"), was granted by the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") on September 10, 1991, and Commission approval was granted on September 20, 1991 (Release No. 35-25380; 70-7903). An order approving an amendment to the DIP Facility improving its terms and reducing its available amount to \$100,000,000 was granted by the Bankruptcy Court on May 11, 1993, and Commission approval was granted on June 11, 1993 (Release No. 35-25825). Orders approving a further amendment to the DIP Facility were issued by the Bankruptcy Court on August 16, 1994 and by this Commission on September 12, 1994, (Release No. 35-26120) (i) to eliminate the commitments of all banks other than Chemical Bank and, (ii) to provide for Chemical Bank's commitment to be \$25,000,000 and be available only for the issuance of irrevocable standby letters of credit ("LOCs").

A. Recapitalization of Columbia Gulf, Development and Coal Gasification

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Columbia and the Recapitalization Subsidiaries are seeking Commission authorization for the recapitalization of Columbia Gulf, Development and Coal Gasification (on or about December 31, 1994) in order to establish capital structures which are more appropriate for the business and

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economic conditions under which these companies currently operate. The proposed transactions and the goals for the Recapitalization Subsidiaries (approved by the Bankruptcy Court on July 20, 1994) are summarized as follows:

Columbia Gulf  
-----

Goal: Bring Columbia Gulf's long-term debt/equity ratio to 45/55.

1. Issue Installment Promissory Notes ("Installment Notes") to Columbia, for cash, of up to \$67 million.
2. Reduce the par value of Columbia Gulf's common stock from \$25 per share to \$10 per share. This will create approximately \$90 million additional paid in capital.
3. Pay a dividend of up to \$67 million to Columbia out of surplus. The dividend would approximate the dollar amount of Installment Notes issued.

Columbia Gulf operates a major interstate pipeline system which extends from offshore Louisiana to Kentucky. Columbia Gulf also owns partnership interests in three other pipelines which extend into major midcontinent and western gas producing areas.

Columbia Gulf currently has a capital structure with an equity component much higher than necessary given its current business climate. The proposed increase in Columbia Gulf's debt service can be readily supported from cash flow from its operations. To effect the recapitalization, the \$25 par value of Columbia Gulf's common stock must be reduced to create adequate surplus from which a dividend can be paid.

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Development  
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Goal: Bring Development's long-term debt/equity ratio to 40/60.

1. Columbia will make a tax-free capital contribution of up to \$62 million of Installment Notes previously issued by Development and held by Columbia.

Development conducts oil and gas operations in the Gulf of Mexico and the continental United States, excluding the Appalachian region. Development's profitability has been adversely affected by depressed oil and gas prices which have significantly reduced Development's equity ratio.

Lower debt balances will reduce Development's debt service requirement to a level more appropriate for its business prospects and operations. The transaction proposed would be similar to the one approved by this Commission in 1992 when Columbia made a capital contribution of existing Development debt to Development's equity in order to comply with the Federal Offshore Oil Pollution Compensation fund regulations. Development needed an equity infusion at that time and the Bankruptcy Court and the Commission approved the transaction on December 11, 1992 (Release No. 35-25703; 70-8067).

Columbia Coal  
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Goal: Bring Columbia Coal's long-term debt/equity ratio to 40/60.

1. Columbia will make a tax-free capital contribution of up to \$12 million of Installment Notes previously issued by Columbia Coal and held by Columbia.

Columbia Coal was originally established for the purpose of developing and operating coal mines, with part of the coal to be used in a coal gasification plant. Changes in the industrial energy markets resulted in a negative competitive and economic climate for synthetic fuels and Columbia Coal withdrew from that research effort. Columbia Coal's distorted capital structure results from operating losses which related to its efforts to carry out its original operating plan. After Columbia Coal's mining operations also became uneconomic, the company changed its business plan and has been successful in leasing some of its coal interests and obtaining royalty payments based on the amount of coal produced on its leased properties.

Columbia Coal requires an increase in its equity in order to establish a capital structure representative of its expectations for growth, profitability and capital requirements. The changes proposed for Columbia Coal would achieve an equity ratio which recognizes these factors and the business climate associated with Columbia Coal's operations. Columbia Coal's debt service would be reduced to a level more appropriate to its expected future business prospects.

B. 1995 and 1996 FINANCING PROGRAM OF THE SUBSIDIARIES  
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Sources of funds for the Subsidiaries, in addition to

Columbia's funds, will include each Subsidiary's internal cash flow and Money Pool borrowings. No external sources are projected to be needed by Columbia to provide funding of the Subsidiaries' 1995 and 1996 financing programs while Columbia remains in bankruptcy. When Columbia emerges from bankruptcy, external sources of funds will be described in the declaration seeking

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approval of the Plan of Reorganization. An amendment to this application may or may not be required.

1. Financing Long-Term Requirements of Subsidiaries:

If needed, Columbia LNG, Energy Services, TriStar Ventures and Columbia Atlantic will apply for financing in separate filings, or by amendment to this filing, and are currently party to this filing only for authorization to participate as investors in the Money Pool.

The financing for TriStar Capital is needed only to fund ongoing operating expenses, e.g., accounting, franchise taxes, etc. No additional investments are contemplated for TriStar Capital. TriStar Capital is also included in this filing as an investor in the Money Pool.

The Subsidiaries plan to finance part of their capital expenditure programs with funds generated from internal sources with the balance financed through short-term borrowings from the Money Pool, to the extent any subsidiaries or Columbia have temporary excess funds, or from the sale to Columbia, for cash, of common stock at par value and/or Installment Notes up to the amounts indicated below:

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<TABLE>  
<CAPTION>

	Long Term Financing		
	Common Stock	Installment Notes	Total
	----- \$MM	----- \$MM	----- \$MM
<S>	<C>	<C>	<C>
Columbia Kentucky . . . . .	2.0	12.7	14.7
Columbia Maryland . . . . .	3.0	5.5	8.5
Columbia Ohio . . . . .	44.0	91.8	135.8
Columbia Pennsylvania . . . . .	16.5	33.6	50.1
Commonwealth Services. . . . .	26.0	16.2	42.2
Columbia Natural . . . . .	--	50.0	50.0
Development . . . . .	25.0	25.0	50.0
Commonwealth Propane . . . . .	--	4.5	4.5
Columbia Gulf . . . . .	--	13.0	13.0
Service . . . . .	10.0	5.0	15.0
TriStar Capital . . . . .	0.1	--	0.1
	====	====	====
Total . . . . .	126.6	257.3	383.9

</TABLE>



The requested financing allows for contingencies such as higher gas prices, warm weather, the timing and amounts of projected tax refunds, the timing and amounts of rate refunds and the variability of the Subsidiaries' capital expenditure programs. To the extent that such contingencies do not materialize, the requested financing authorizations will not be fully utilized.

The Installment Notes will be unsecured, will be dated the date of their issue, and will have other provisions as noted in Exhibit A-1. It is proposed that, as previously approved by this Commission in Columbia's current authorization (Order dated September 30, 1993, File No. 70-8219, Release No. 35-26062), the interest rate on the Installment Notes will be determined quarterly based upon the three-month average yield on newly issued "A" rated 25-30 year utility bonds as published in Salomon Brothers' weekly Bond Market Roundup, rounded to the nearest 1/8% per annum ("Benchmark Rate").

The

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Benchmark Rate would be used for all Installment Notes issued in the subsequent quarter. For example, the rounded three-month average yield on newly issued "A" rated 25-30 year utility bonds as published in Salomon Brothers' weekly Bond Market Roundup for the period ended June 30, 1994 was 8.25%. Under this methodology, the 8.25% rate would be used for all Installment Notes issued by Subsidiaries to Columbia from July 1, 1994 through September 30, 1994. It is proposed that a default rate equal to 2% per annum in excess of the stated rate on unpaid principal or interest amounts would be assessed if any interest or principal payment becomes past due. The principal amount of the Installment Notes will be repaid over a term not exceeding thirty years. All of the Installment Notes will be purchased by Columbia on or before December 31, 1996.

2. Money Pool/Short-Term Funding Requirements of the Subsidiaries:

The Subsidiaries require short-term funds to meet normal working capital requirements. For example, distribution subsidiaries participate in storage services under which they pay for and store gas during the summer months and recover the cost of such gas when it is delivered to customers in the winter.

It is proposed that the Subsidiaries borrow short-term funds from the Money Pool as described below. Advances from the Money Pool will be

limited to a maximum amount outstanding at any one time from January 1, 1995

through December 31, 1996 for each of the Subsidiaries as shown below:

<TABLE>  
<CAPTION>

	Short-Term Debt
	-----
	\$MM
<S>	<C>
Columbia Kentucky . . . . .	19.0
Columbia Maryland . . . . .	4.0
Columbia Ohio . . . . .	240.0
Columbia Pennsylvania . . . . .	88.0
Commonwealth Services . . . . .	19.0
Columbia Gulf . . . . .	19.0
Columbia Natural . . . . .	30.0
Development . . . . .	15.0
Columbia Propane . . . . .	2.0
Commonwealth Propane . . . . .	4.0
Service . . . . .	10.0
Coal Gasification . . . . .	2.0
	=====
Total . . . . .	452.0

</TABLE>

There is considerable seasonal and daily fluctuation in each subsidiary's cash flow due to normal receipt and disbursement patterns. The patterns vary from company to company so that the companies which have excess cash and the companies which need cash vary from day to day. Accordingly, it is proposed that the Money Pool, the existence of which was last approved by the Commission in File No. 70-8219 (Release No. 35-26062 dated September 30, 1993), be continued for all parties to this Joint Application-Declaration through December 31, 1996. All short-term borrowing will be through the Money Pool with Service acting as agent. Columbia may invest in the Money Pool, but will not borrow from the Money Pool.

When Columbia and/or the subsidiaries generate cash in excess of their immediate cash requirements, such temporary excess cash may be invested in the Money Pool. Columbia and investing subsidiaries would be investors ("Investors") pursuant to a Money Pool evidence of a deposit. Loans to Subsidiaries ("Borrowers") through the Money Pool will be made pursuant to a short-term grid note. Such short-term grid notes will be due upon demand by

the Investor(s), but not later than April 30, 1997. Each Borrower's loans will be allocated to the Investors based on the proportion of each Investor's investment in the Money Pool to the aggregate of such investments. Columbia LNG, Energy Services, TriStar Ventures and Columbia Atlantic, while not included as Subsidiaries herein, are included in this filing for the purpose of being potential Investors.

The Money Pool is designed to meet the following objectives:

(1) reduction of Columbia's need to borrow from outside sources to meet the Subsidiaries' fluctuating cash needs; (2) settlement of intrasystem obligations on a non-cash basis; and (3) reduction of the Subsidiaries' net corporate interest expense by investment of the maximum funds available and the borrowing of a lower amount of funds in a more timely fashion than the Subsidiaries could otherwise achieve.

The cost of money on all short-term advances from, and the investment rate for moneys invested in, the Money Pool will be the interest rate per annum equal to the Money Pool's weighted average short-term investment rate. Should there be no Money Pool investments, the cost of money will be the prior month's average Federal Funds rate as published in the Federal Reserve Statistical Release, Publication H.15 (519). A default rate equal to 2% per annum above the pre-default rate on unpaid principal or interest amounts will be assessed if any interest or principal payment becomes past due.

(b) Describe briefly, and where practicable state the approximate amount of, any material interest in the proposed transaction, direct or indirect, of any associate or affiliate of the applicant or declarant company or any affiliate of any such associate company.

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Not applicable.

(c) If the proposed transaction involves the acquisition of securities not issued by a registered holding company or subsidiary thereof, describe briefly the business and property, present or proposed, of the issuer of such securities.

Not applicable.

(d) If the proposed transaction involves the acquisition or disposition of assets, describe briefly such assets, setting forth original cost, vendor's book cost (including the basis of determination) and applicable valuation and qualifying reserves.

Not applicable.

Item 2. Fees, Commissions and Expenses.

(a) State (1) the fees, commissions and expenses paid or incurred, or to be paid or incurred, directly or indirectly, in connection with the proposed transaction by the applicant or declarant or any associate company thereof, and (2) if the proposed transaction involves the sale of securities at competitive bidding, the fees and expenses to be paid to counsel selected by applicant or declarant to act for the successful bidder.

<S>	<C>
Securities and Exchange Commission Filing Fee .....	\$2,000
Services of Columbia Gas System Service Corporation in connection with the preparation of the Application-Declaration .....	8,000
	-----
Total .....	\$10,000
	=====

</TABLE>  
(b) If any person to whom fees or commissions have been or are

to be paid in connection with the proposed transaction is an associate company or an affiliate of the applicant or declarant, or is an affiliate of an associate company, set forth the facts with respect thereto.

Service will perform certain services at cost as set forth in Item 2(a) above.

### Item 3. Applicable Statutory Provisions

(a) State the section of the Act and the rules thereunder believed to be applicable to the proposed transaction. If any section or rule

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would be applicable in the absence of a specific exemption, state the basis of exemption.

#### RECAPITALIZATION:

Sections 6 and 7 and Rule 43 are applicable to the issue of Installment Notes by Columbia Gulf to Columbia. Sections 9 and 10 are applicable to the acquisition of said notes by Columbia. Sections 6 and 12(c) and Rule 46 are applicable to the reduction in par value to create a surplus which is to be paid to Columbia as a dividend.

Section 12(b) and Rule 45 are applicable to the capital contributions to Columbia Coal and Development. Section 12(c) and Rule 42 might be considered applicable to the reacquisition of the Installment Notes thus contributed.

#### INTASYSTEM FINANCING:

Subject to the applicability of Rule 52 as discussed below, Sections 6, 7 and 12(b) and Rule 43 are applicable to the issuance and sale of common stock, Installment Notes and short-term advances by the Subsidiaries and Sections 9, 10 and 12(b) and Rule 45 are applicable to the acquisition by Columbia of such securities.

The State of Maryland does not regulate the issue of securities by Columbia of Maryland. Therefore the Commission is requested to issue its order authorizing the issue by Columbia of Maryland and the acquisition by Columbia of short-term borrowings, common stock and Installment Notes.

As set forth in Part (a) of Item 4 of this Application-Declaration, certain state regulatory commissions having jurisdiction will have authorized the sale of securities described herein. The acquisition by Columbia and the

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issuance by Columbia Ohio, Columbia Pennsylvania, Columbia Kentucky and Commonwealth Services of common stock will be exempt from Sections 6, 7, 9 and 10 under the terms of Rule 52.

Rule 52 does not apply to short-term borrowings since such borrowings are exempt from state commission approval by provision of state law if certain criteria are met. These criteria will be met except in the state of Virginia where the short-term borrowings will exceed 5% of Commonwealth Services' total capitalization. The Commission is requested to issue an order authorizing the issue of short-term advances by Columbia Kentucky, Columbia Ohio and Columbia Pennsylvania.

Rule 52 also does not currently apply to the issue of Installment Notes because the interest rate proposed to be charged does not parallel the terms of a parent security. Since Columbia has no borrowings currently except for those stayed pursuant to the Code, a benchmark rate is being charged to subsidiaries. The Commission is requested to issue an order approving the issuance of Installment Notes by Columbia Ohio, Columbia Kentucky and Columbia Pennsylvania, subject to the issuance by the respective state commission of an order authorizing the issuance of Installment Notes, copies of which orders shall be filed with quarterly Rule 24 certificates. The State Corporation Commission of Virginia exercises jurisdiction over the acquisition of both short-term borrowings and of Installment Notes by Columbia. Therefore the Commission is requested to reserve jurisdiction over the issuance of short-term borrowings and Installment Notes by Commonwealth Services until the file is completed by filing a copy of the state commission order.

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The Intrasystem Money Pool transactions are subject to Sections 6, 7, 9, 10 and 12(b) and (f) of the Act and Rule 45 thereunder. The requirements of such sections of the Act and Rule will be complied with if the Commission permits this Application-Declaration to become effective.

If it is further requested that authority be granted to file certificates under Rule 24 on a quarterly basis with respect to the proposed transactions hereafter consummated pursuant to this Application-Declaration, not later than 25 days following the end of each quarter.

To the extent that the transactions which are the subject matter of this Application-Declaration are considered by the Commission to require authorization, approval or exemption under any section of the Act or provision of the rules and regulations other than those specifically referred to herein, request for such authorization, approval or exemption is hereby made.

Columbia does not own, operate or is not an equity participant in any Exempt Wholesale Generator or any Foreign Utility Company and will not

be a company that owns, operates or has an equity participation in an Exempt Wholesale Generator or Foreign Utility Company as a result of the approvals requested herein. Columbia does not have any rights, nor will it have any rights or obligations under a service, sales or construction contract with an Exempt Wholesale Generator or Foreign Utility Company as a result of the proposed transactions.

(b) If any person to whom fees or commissions have been or are to be paid in connection with the proposed transaction is an associate company or an affiliate of any applicant or declarant, or is an affiliate of an associate company, set forth the facts with respect thereto.

Not Applicable

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Item 4. Regulatory Approval  
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(a) State the nature and extent of the jurisdiction of any State commission or any Federal commission (other than the Securities and Exchange Commission) over the proposed transaction.

The State Corporation Commission of Virginia has jurisdiction over the acquisition by Columbia and the sale by Commonwealth Services of short-term and long-term debt securities.\*\* Regulatory Commissions in the states of Kentucky, Ohio and Pennsylvania exercise jurisdiction over the issuance and sale of common stock and Installment Notes by Columbia Kentucky, Columbia Ohio and Columbia Pennsylvania, but do not exercise jurisdiction over the acquisition of those securities by Columbia.

(b) Describe the action taken or proposed to be taken before any commission named in answer to paragraph (a) of this item in connection with the proposed transaction.

An application will be made by the aforementioned subsidiary companies to their respective state regulatory commissions as set forth in answer to Item 3(a) above.

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\*\*Under Virginia law, the issuance of short term debt is exempt from commission approval so long as the amount to be issued is less than 5% of total capitalization.

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Item 5. Procedure.  
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(a) State the date when Commission action is requested. If the date is less than 40 days from the date of the original filing, set forth the reasons for acceleration.

It is requested that the Commission issue its Notice by September 30, 1994 and its order on or before December 15, 1994 as the existing

intrasystem financing authorization expires December 31, 1994.

(b) State (i) whether there should be a recommended decision by a hearing officer, (ii) whether there should be a recommended decision by any other responsible officer of the Commission, (iii) whether the Division of Investment Management may assist in the preparation of the Commission's decision, and (iv) whether there should be a 30-day waiting period between the issuance of the Commission's order and the date on which it is to become effective.

Applicants hereby (i) waive a recommended decision by a hearing officer, (ii) waive a recommended decision by any other responsible officer or the Commission, (iii) consent that the Division of Investment Management may assist in the preparation of the Commission's decision, and (iv) waive a 30-day waiting period between the issuance of the Commission's order and the date on which it is to become effective.

Item 6. Exhibits and Financial Statements.

(a) Exhibits

<TABLE>	<S>	<C>
	A-1	Form of Installment Note for all Subsidiaries.
	A-2	Form of Subsidiary common stock certificate (Exhibit A-2 to Joint Application-Declaration (File No. 70-7276) is hereby incorporated by reference).
	A-3	Form of Money Pool Evidence of Deposit.
	A-4	Form of Subsidiary Money Pool Short-Term Grid Note.

</TABLE>

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<TABLE>	<S>	<C>
	D-1	Bankruptcy Court Motion and Order approving recapitalization.
	D-2	Order of Virginia State Corporation Commission (to be filed by Post-Effective Amendment).
	F	Opinion of Counsel for Columbia and Subsidiaries (to be filed by Amendment).
	G	Financial Data Schedule (incorporated herein as Exhibit No. 27).
	H	Proposed Notice.
	I	List of Acronyms used in exhibits and financial statements.
	J	Description of the Columbia Gas Intrasystem Money Pool.

</TABLE>

(b) Financial Statements

- The Columbia Gas System, Inc. and Subsidiaries
- (1) Condensed Statements of Capitalization as of June 30, 1994 Actual and Pro Forma.
  - (2) Condensed Statements of Income for the Twelve months ended June 30, 1994 Actual and Pro Forma.
  - (3) Pro Forma Entries.

There have been no material changes, not in the ordinary

course of business, since the date of the financial statements filed herewith.

Item 7. Information as to Environmental Effects.

(a) Describe briefly the environmental effects of the proposed transaction in terms of the standards set forth in Section 102(2)(C) of the National Environmental Policy Act (42 U.S.C. 4232(2)(C)). If the response to this term is a negative statement as to the applicability of Section 102(2)(C) in connection with the proposed transaction, also briefly state the reasons for that response.

As more fully described in Item 1, the proposed transactions subject to the jurisdiction of this Commission relate only to the means of

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financing activities. The proposed transactions subject to the jurisdiction of this Commission have no environmental impact in and of themselves.

(b) State whether any other federal agency has prepared or is preparing an environmental impact statement ("EIS") with respect to the proposed transaction. If any other federal agency has prepared or is preparing an EIS, state which agency or agencies and indicate the status of that EIS preparation.

No federal agency has prepared or, to Columbia's knowledge, is preparing an EIS with respect to the proposed transaction.

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SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned companies have duly caused this Declaration to be signed on their behalf by the undersigned thereunto duly authorized.

The signatures of the applicants and of the persons signing on their behalf are restricted to the information contained in this application which is pertinent to the application of the respective companies.

THE COLUMBIA GAS SYSTEM, INC.

Date: September , 1994

By: -----

L. J. Bainter  
Treasurer

- COLUMBIA GAS OF OHIO, INC.
- COLUMBIA GAS OF PENNSYLVANIA, INC.
- COLUMBIA GAS OF KENTUCKY, INC.
- COLUMBIA GAS OF MARYLAND, INC.
- COMMONWEALTH GAS SERVICES, INC.
- COLUMBIA GULF TRANSMISSION COMPANY
- COLUMBIA GAS DEVELOPMENT CORPORATION
- COLUMBIA PROPANE CORPORATION
- COMMONWEALTH PROPANE, INC.
- COLUMBIA GAS SYSTEM SERVICE CORPORATION
- COLUMBIA NATURAL RESOURCES, INC.
- COLUMBIA ATLANTIC TRADING CORPORATION



COLUMBIA COAL GASIFICATION CORPORATION  
 COLUMBIA LNG CORPORATION  
 COLUMBIA ENERGY SERVICES CORPORATION  
 TRISTAR VENTURES CORPORATION  
 TRISTAR CAPITAL CORPORATION

Dated: September , 1994

By: \_\_\_\_\_  
 L. J. Bainter  
 Vice President

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THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES      UNAUDITED  
 6 (b) (1)  
 CONDENSED STATEMENTS CAPITALIZATION      Page 1 of 4  
 ACTUAL AND PRO FORMA  
 AS OF JUNE 30, 1994  
 (\$000)

<TABLE>  
 <CAPTION>

	CGS *	CG	CS	CGD	CGT
<S>	<C>	<C>	<C>	<C>	<C>
ACTUAL CAPITALIZATION					
Common Stock Equity					
Common Stock.....	505,592	505,592	13,000	141,912	149,449
Additional Paid in Capital .....	601,759	601,759	-	27,550	-
Retained Earnings .....	372,346	372,346	180	(126,854)	10,521
Unearned Employee Compensation .....	(69,966)	(69,966)	-	-	-
Total Common Stock Equity .....	1,409,731	1,409,731	13,180	42,608	159,970
Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	4,486	-	16,121	112,626	3,368
Additional Installment Notes .....	-	-	-	-	-
Total Long-Term Debt .....	4,486	-	16,121	112,626	3,368
TOTAL CAPITALIZATION .....	1,414,217	1,409,731	29,301	155,234	163,338

ADJUSTMENTS TO CAPITALIZATION

Common Stock Equity					
Common Stock.....	-	-	10,000	25,000	(89,669)
Additional Paid in Capital .....	-	-	-	62,000	33,190
Retained Earnings .....	-	-	(268)	2,609	(14,811)
Unearned Employee Compensation .....	-	-	-	-	-
Total Common Stock Equity .....	-	-	9,732	89,609	(71,290)
Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	-	-	-	(62,000)	-
Additional Installment Notes .....	-	-	5,000	25,000	80,000
Total Long-Term Debt .....	-	-	5,000	(37,000)	80,000
TOTAL CAPITALIZATION .....	-	-	14,732	52,609	8,710

PRO FORMA CAPITALIZATION

Common Stock Equity					
Common Stock.....	505,592	505,592	23,000	166,912	59,780
Additional Paid in Capital .....	601,759	601,759	-	89,550	33,190

Retained Earnings .....	372,346	372,346	(88)	(124,245)	(4,290)
Unearned Employee Compensation .....	(69,966)	(69,966)	-	-	-
<b>Total Common Stock Equity .....</b>	<b>1,409,731</b>	<b>1,409,731</b>	<b>22,912</b>	<b>132,217</b>	<b>88,680</b>
Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	4,486	-	16,121	50,626	3,368
Additional Installment Notes .....	-	-	5,000	25,000	80,000
<b>Total Long-Term Debt .....</b>	<b>4,486</b>	<b>-</b>	<b>21,121</b>	<b>75,626</b>	<b>83,368</b>
<b>TOTAL CAPITALIZATION .....</b>	<b>1,414,217</b>	<b>1,409,731</b>	<b>44,033</b>	<b>207,843</b>	<b>172,048</b>

</TABLE>

\* Consolidated Statement of Capitalization

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THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES                      UNAUDITED  
6(b) (1)  
CONDENSED STATEMENTS CAPITALIZATION                      Page 2 of 4  
ACTUAL AND PRO FORMA  
AS OF JUNE 30, 1994  
(\$000)

<TABLE>

<CAPTION>

	CES	CPC	TVC	TCC	CGC
<S>	<C>	<C>	<C>	<C>	<C>
ACTUAL CAPITALIZATION					
Common Stock Equity					
Common Stock.....	4,172	3,900	15,293	1,575	48,475
Additional Paid in Capital .....	1,361	-	42,802	-	-
Retained Earnings .....	6,953	69	(22,612)	(246)	(52,826)
Unearned Employee Compensation .....	-	-	-	-	-
<b>Total Common Stock Equity .....</b>	<b>12,486</b>	<b>3,969</b>	<b>35,483</b>	<b>1,329</b>	<b>(4,351)</b>
Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	-	2,442	-	-	14,322
Additional Installment Notes .....	-	-	-	-	-
<b>Total Long-Term Debt .....</b>	<b>-</b>	<b>2,442</b>	<b>-</b>	<b>-</b>	<b>14,322</b>
<b>TOTAL CAPITALIZATION .....</b>	<b>12,486</b>	<b>6,411</b>	<b>35,483</b>	<b>1,329</b>	<b>9,971</b>

ADJUSTMENTS TO CAPITALIZATION

Common Stock Equity					
Common Stock.....	-	-	-	100	-
Additional Paid in Capital .....	-	-	-	-	12,000
Retained Earnings .....	-	-	-	-	814
Unearned Employee Compensation .....	-	-	-	-	-
<b>Total Common Stock Equity .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>12,814</b>
Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	-	-	-	-	(12,000)
Additional Installment Notes .....	-	-	-	-	-
<b>Total Long-Term Debt .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,000)</b>

TOTAL CAPITALIZATION .....	-	-	-	100	814
=====					
PRO FORMA CAPITALIZATION					
Common Stock Equity					
Common Stock.....	4,172	3,900	15,293	1,675	48,475
Additional Paid in Capital .....	1,361	-	42,802	-	12,000
Retained Earnings .....	6,953	69	(22,612)	(246)	(52,012)
Unearned Employee Compensation .....	-	-	-	-	-
Total Common Stock Equity .....	12,486	3,969	35,483	1,429	8,463
-----					
Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	-	2,442	-	-	2,322
Additional Installment Notes .....	-	-	-	-	-
Total Long-Term Debt .....	-	2,442	-	-	2,322
-----					
TOTAL CAPITALIZATION .....	12,486	6,411	35,483	1,429	10,785
=====					

</TABLE>

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THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES

UNAUDITED

6 (b) (1)

CONDENSED STATEMENTS CAPITALIZATION

Page 3 of 4

ACTUAL AND PRO FORMA

AS OF JUNE 30, 1994

(\$000)

<TABLE>

<CAPTION>

	CKY	COH	CMD	CPA	COS
<S>	<C>	<C>	<C>	<C>	<C>
ACTUAL CAPITALIZATION					
Common Stock Equity					
Common Stock.....	15,806	119,240	7,092	68,628	24,305
Additional Paid in Capital .....	174	-	-	-	2,969
Retained Earnings .....	35,060	255,277	10,170	114,532	43,881
Unearned Employee Compensation .....	-	-	-	-	-
Total Common Stock Equity .....	51,040	374,517	17,262	183,160	71,155
-----					
Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	36,472	233,739	12,590	115,593	71,154
Additional Installment Notes .....	-	-	-	-	-
Total Long-Term Debt .....	36,472	233,739	12,590	115,593	71,154
-----					
TOTAL CAPITALIZATION .....	87,512	608,256	29,852	298,753	142,309
=====					

ADJUSTMENTS TO CAPITALIZATION

Common Stock Equity					
Common Stock.....	2,000	44,000	3,000	16,500	26,000
Additional Paid in Capital .....	-	-	-	-	-
Retained Earnings .....	(681)	(4,923)	(295)	(1,802)	(869)
Unearned Employee Compensation .....	-	-	-	-	-
Total Common Stock Equity .....	1,319	39,077	2,705	14,698	25,131
-----					

Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	-	-	-	-	-
Additional Installment Notes .....	12,700	91,800	5,500	33,600	16,200
Total Long-Term Debt .....	12,700	91,800	5,500	33,600	16,200
TOTAL CAPITALIZATION .....	14,019	130,877	8,205	48,298	41,331

PRO FORMA CAPITALIZATION

Common Stock Equity					
Common Stock.....	17,806	163,240	10,092	85,128	50,305
Additional Paid in Capital .....	174	-	-	-	2,969
Retained Earnings .....	34,379	250,354	9,875	112,730	43,012
Unearned Employee Compensation .....	-	-	-	-	-
Total Common Stock Equity .....	52,359	413,594	19,967	197,858	96,286
Long-Term Debt					
Existing Installment Notes and Other					
Long-Term Debt .....	36,472	233,739	12,590	115,593	71,154
Additional Installment Notes .....	12,700	91,800	5,500	33,600	16,200
Total Long-Term Debt .....	49,172	325,539	18,090	149,193	87,354
TOTAL CAPITALIZATION .....	101,531	739,133	38,057	347,051	183,640

</TABLE>

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THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES

UNAUDITED

6 (b) (1)

CONDENSED STATEMENTS CAPITALIZATION

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ACTUAL AND PRO FORMA

AS OF JUNE 30, 1994

(\$000)

<TABLE>  
<CAPTION>

	CPI	CAT	CNR
<S>	<C>	<C>	<C>
ACTUAL CAPITALIZATION			
Common Stock Equity			
Common Stock.....	2,000	82	125,716
Additional Paid in Capital .....	398	-	-
Retained Earnings .....	7,133	(774)	46,987
Unearned Employee Compensation .....	-	-	-
Total Common Stock Equity .....	9,531	(692)	172,703
Long-Term Debt			
Existing Installment Notes and Other			
Long-Term Debt .....	5,151	-	32,047
Additional Installment Notes .....	-	-	-
Total Long-Term Debt .....	5,151	-	32,047
TOTAL CAPITALIZATION .....	14,682	(692)	204,750

ADJUSTMENTS TO CAPITALIZATION

Common Stock Equity		
Common Stock.....	-	-
Additional Paid in Capital .....	-	-
Retained Earnings .....	(241)	(2,682)
Unearned Employee Compensation .....	-	-
Total Common Stock Equity .....	(241)	(2,682)
Long-Term Debt		
Existing Installment Notes and Other		
Long-Term Debt .....	-	-
Additional Installment Notes .....	4,500	50,000
Total Long-Term Debt .....	4,500	50,000
TOTAL CAPITALIZATION .....	4,259	47,318

PRO FORMA CAPITALIZATION

Common Stock Equity			
Common Stock.....	2,000	82	125,716
Additional Paid in Capital .....	398	-	-
Retained Earnings .....	6,892	(774)	44,305
Unearned Employee Compensation .....	-	-	-
Total Common Stock Equity .....	9,290	(692)	170,021
Long-Term Debt			
Existing Installment Notes and Other			
Long-Term Debt .....	5,151	-	32,047
Additional Installment Notes .....	4,500	-	50,000
Total Long-Term Debt .....	9,651	-	82,047
TOTAL CAPITALIZATION .....	18,941	(692)	252,068

</TABLE>

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THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES

UNAUDITED

6 (b) (2)

CONDENSED STATEMENTS OF INCOME

Page 1 of 4

ACTUAL AND PRO FORMA

TWELVE MONTHS ENDED JUNE 30, 1994

(\$000)

<TABLE>

<CAPTION>

	CGS *	CG	CS	CGD	CGT
<S>	<C>	<C>	<C>	<C>	<C>
ACTUAL					
Operating Income (Loss) .....	406,661	(7,123)	5,463	7,804	17,106
Other Income (Deductions)					
Interest income and other, net .....	22,604	279,820	1,866	2,509	(1,791)
Interest expense and related charges ..	(76,486)	(757)	(3,386)	(13,386)	(1,864)
Reorganization items, net .....	18,627	(2,632)	-	-	-
Total Other Income (Deductions) .....	(35,255)	276,431	(1,520)	(10,877)	(3,655)
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	371,406	269,308	3,943	(3,073)	13,451
Income Taxes .....	168,345	71,847	1,418	(3,938)	7,462
Income before Cummulative Effect					

of Change in Accounting for Postemployment Benefits .....	203,061	197,461	2,525	865	5,989
Cummulative Effect of Change in Accounting for Postemployment Benefits	(5,644)	(44)	(548)	(183)	(966)
NET INCOME .....	197,417	197,417	1,977	682	5,023

ADJUSTMENTS

Operating Income (Loss) .....	-	-	-	-	-
Other Income (Deductions)					
Interest income and other, net .....		6,798	-	-	-
Interest expense and related charges ..		-	(412)	4,014	(6,600)
Reorganization items, net .....		-	-	-	-
Total Other Income (Deductions) .....	-	6,798	(412)	4,014	(6,600)
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	-	6,798	(412)	4,014	(6,600)
Income Taxes .....	-	6,798	(144)	1,405	(2,310)
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	-	-	(268)	2,609	(4,290)
Cummulative Effect of Change in Accounting for Postemployment Benefits	-	-	-	-	-
NET INCOME .....	-	-	(268)	2,609	(4,290)

PRO FORMA

Operating Income (Loss) .....	406,661	(7,123)	5,463	7,804	17,106
Other Income (Deductions)					
Interest income and other, net .....	22,604	286,618	1,866	2,509	(1,791)
Interest expense and related charges ..	(76,486)	(757)	(3,798)	(9,372)	(8,464)
Reorganization items, net .....	18,627	(2,632)	-	-	-
Total Other Income (Deductions) .....	(35,255)	283,229	(1,932)	(6,863)	(10,255)
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	371,406	276,106	3,531	941	6,851
Income Taxes .....	168,345	78,645	1,274	(2,533)	5,152
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	203,061	197,461	2,257	3,474	1,699
Cummulative Effect of Change in Accounting for Postemployment Benefits	(5,644)	(44)	(548)	(183)	(966)
NET INCOME .....	197,417	197,417	1,709	3,291	733

</TABLE>

\* Consolidated Statement of Income

<TABLE>  
<CAPTION>

	CES	CPC	TVC	TCC	CGC
<S> ACTUAL	<C>	<C>	<C>	<C>	<C>
Operating Income (Loss) .....	1,855	1,073	(1,620)	(23)	3,086
Other Income (Deductions)					
Interest income and other, net .....	255	(85)	1,907	(161)	886
Interest expense and related charges ..	461	(324)	(979)	-	(2,078)
Reorganization items, net .....	-	-	-	-	-
Total Other Income (Deductions) .....	716	(409)	928	(161)	(1,192)
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	2,571	664	(692)	(184)	1,894
Income Taxes .....	1,023	334	(105)	(60)	690
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	1,548	330	(587)	(124)	1,204
Cummulative Effect of Change in Accounting for Postemployment Benefits	-	(151)	-	-	-
NET INCOME .....	1,548	179	(587)	(124)	1,204
=====					
ADJUSTMENTS					
Operating Income (Loss) .....	-	-	-	-	-
Other Income (Deductions)					
Interest income and other, net .....	-	-	-	-	-
Interest expense and related charges ..	-	-	-	-	1,253
Reorganization items, net .....	-	-	-	-	-
Total Other Income (Deductions) .....	-	-	-	-	1,253
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	-	-	-	-	1,253
Income Taxes .....	-	-	-	-	439
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	-	-	-	-	814
Cummulative Effect of Change in Accounting for Postemployment Benefits	-	-	-	-	-
NET INCOME .....	-	-	-	-	814
=====					
PRO FORMA					
Operating Income (Loss) .....	1,855	1,073	(1,620)	(23)	3,086
Other Income (Deductions)					
Interest income and other, net .....	255	(85)	1,907	(161)	886
Interest expense and related charges ..	461	(324)	(979)	-	(825)
Reorganization items, net .....	-	-	-	-	-
Total Other Income (Deductions) .....	716	(409)	928	(161)	61
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	2,571	664	(692)	(184)	3,147

Income Taxes .....	1,023	334	(105)	(60)	1,129
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	1,548	330	(587)	(124)	2,018
Cummulative Effect of Change in Accounting for Postemployment Benefits	-	(151)	-	-	-
NET INCOME .....	1,548	179	(587)	(124)	2,018

</TABLE>

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THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES

UNAUDITED

6 (b) (2)

CONDENSED STATEMENTS OF INCOME

Page 3 of 4

ACTUAL AND PRO FORMA

TWELVE MONTHS ENDED JUNE 30, 1994

(\$000)

<TABLE>  
<CAPTION>

	CKY	COH	CMD	CPA	COS
<S>	<C>	<C>	<C>	<C>	<C>
ACTUAL					
Operating Income (Loss) .....	11,635	57,325	2,791	42,482	18,805
Other Income (Deductions)					
Interest income and other, net .....	651	2,728	12	1,027	210
Interest expense and related charges ..	(3,312)	(12,189)	(957)	(12,780)	(6,673)
Reorganization items, net .....	-	-	-	-	-
Total Other Income (Deductions) .....	(2,661)	(9,461)	(945)	(11,753)	(6,463)
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	8,974	47,864	1,846	30,729	12,342
Income Taxes .....	3,698	20,246	650	14,583	4,120
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	5,276	27,618	1,196	16,146	8,222
Cummulative Effect of Change in Accounting for Postemployment Benefits	-	-	(20)	-	(76)
NET INCOME .....	5,276	27,618	1,176	16,146	8,146

ADJUSTMENTS

Operating Income (Loss) .....	-	-	-	-	-
Other Income (Deductions)					
Interest income and other, net .....	-	-	-	-	-
Interest expense and related charges ..	(1,048)	(7,574)	(454)	(2,772)	(1,337)
Reorganization items, net .....	-	-	-	-	-
Total Other Income (Deductions) .....	(1,048)	(7,574)	(454)	(2,772)	(1,337)
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	(1,048)	(7,574)	(454)	(2,772)	(1,337)
Income Taxes .....	(367)	(2,651)	(159)	(970)	(468)
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	(681)	(4,923)	(295)	(1,802)	(869)



Cummulative Effect of Change in Accounting for Postemployment Benefits	-	-	-	-	-
NET INCOME	(681)	(4,923)	(295)	(1,802)	(869)
=====					
PRO FORMA					
Operating Income (Loss)	11,635	57,325	2,791	42,482	18,805
Other Income (Deductions)					
Interest income and other, net	651	2,728	12	1,027	210
Interest expense and related charges	(4,360)	(19,763)	(1,411)	(15,552)	(8,010)
Reorganization items, net	-	-	-	-	-
Total Other Income (Deductions)	(3,709)	(17,035)	(1,399)	(14,525)	(7,800)
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits	7,926	40,290	1,392	27,957	11,005
Income Taxes	3,331	17,595	491	13,613	3,652
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits	4,595	22,695	901	14,344	7,353
Cummulative Effect of Change in Accounting for Postemployment Benefits	-	-	(20)	-	(76)
NET INCOME	4,595	22,695	881	14,344	7,277
=====					

</TABLE>

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THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES

UNAUDITED

6 (b) (2)

CONDENSED STATEMENTS OF INCOME

Page 4 of 4

ACTUAL AND PRO FORMA

TWELVE MONTHS ENDED JUNE 30, 1994

(\$000)

<TABLE>

<CAPTION>

	CPI	CAT	CNR
<S>	<C>	<C>	<C>
ACTUAL			
Operating Income (Loss)	6,008	(93)	31,194
Other Income (Deductions)			
Interest income and other, net	585	-	1,963
Interest expense and related charges	(673)	96	(3,248)
Reorganization items, net	-	-	-
Total Other Income (Deductions)	(88)	96	(1,285)
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits	5,920	3	29,909
Income Taxes	2,239	1	17,942
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits	3,681	2	11,967
Cummulative Effect of Change in Accounting for Postemployment Benefits	(176)	-	(361)
NET INCOME	3,505	2	11,606
=====			

ADJUSTMENTS

Operating Income (Loss) .....	-	-	-
<hr/>			
Other Income (Deductions)			
Interest income and other, net .....	-	-	-
Interest expense and related charges ..	(371)	-	(4,125)
Reorganization items, net .....	-	-	-
<hr/>			
Total Other Income (Deductions) .....	(371)	-	(4,125)
<hr/>			
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	(371)	-	(4,125)
Income Taxes .....	(130)	-	(1,443)
<hr/>			
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	(241)	-	(2,682)
<hr/>			
Cummulative Effect of Change in Accounting for Postemployment Benefits	-	-	-
<hr/>			
NET INCOME .....	(241)	-	(2,682)
<hr/>			

PRO FORMA

Operating Income (Loss) .....	6,008	(93)	31,194
<hr/>			
Other Income (Deductions)			
Interest income and other, net .....	585	-	1,963
Interest expense and related charges ..	(1,044)	96	(7,373)
Reorganization items, net .....	-	-	-
<hr/>			
Total Other Income (Deductions) .....	(459)	96	(5,410)
<hr/>			
Income before Income Taxes and Cummulative Effect of Change in Accounting for Postemployment Benefits .....	5,549	3	25,784
Income Taxes .....	2,109	1	16,499
<hr/>			
Income before Cummulative Effect of Change in Accounting for Postemployment Benefits .....	3,440	2	9,285
<hr/>			
Cummulative Effect of Change in Accounting for Postemployment Benefits	(176)	-	(361)
<hr/>			
NET INCOME .....	3,264	2	8,924
<hr/>			

</TABLE>

<TABLE>  
<CAPTION>

	CGS	CG	CS	CGD	CGT
	<hr/>				
<S>		<C>	<C>	<C>	<C>
Cash .....		(383,900)	15,000	50,000	13,000
Investments in Subsidiaries - Capital Stock .....		126,600			
Investments in Subsidiaries - Notes and Loans .....		257,300			
Common Stock .....			(10,000)	(25,000)	

Long-Term Debt .....	(5,000)	(25,000)	(13,000)
To reflect the issuance of long-term installment notes and common stock.			
Interest Expense .....	412	2,062	1,072
Intercompany Accounts Payable .....	(412)	(2,062)	(1,072)
Interest Income .....	(21,227)		
Intercompany Accounts Receivable .....	21,227		
Income Taxes .....	7,429	(144)	(375)
Accrued Taxes .....	(7,429)	144	375
To reflect the annual interest on the new long-term installment notes at a rate of 8.25% and a federal income tax effect of 35%.			
Common Stock .....			89,669
Additional Paid in Capital .....			(89,669)
To record the reduction in the par value of CGT's common stock from \$25 to \$10.			
Investments in Subsidiaries -			
Capital Stock .....	(56,479)		
Investments in Subsidiaries -			
Equity in Undistributed Retained Earnings ...	(10,521)		
Investments in Subsidiaries -			
Notes and Loans .....	67,000		
Retained Earnings .....			10,521
Additional Paid in Capital .....			56,479
Long-Term Debt .....			(67,000)
To reflect CGT's dividend payment and issuance of installment notes to CG.			
Interest Expense .....			5,528
Intercompany Accounts Payable .....			(5,528)
Interest Income .....	(5,528)		
Intercompany Accounts Receivable .....	5,528		
Income Taxes .....	1,935		(1,935)
Accrued Taxes .....	(1,935)		1,935
To reflect CGT's annual interest on the new long-term installment note at a rate of 8.25% and a federal income tax effect of 35%.			
Investments in Subsidiaries -			
Capital Stock .....	74,000		
Investments in Subsidiaries -			
Notes and Loans .....	(74,000)		
Additional Paid in Capital .....		(62,000)	
Long-Term Debt .....		62,000	
To reflect CG's contribution of installment notes to CGD's and CGC's additional paid-in-capital.			
Interest Expense .....		(6,076)	
Intercompany Accounts Payable .....		6,076	
Interest Income .....	7,329		
Intercompany Accounts Receivable .....	(7,329)		
Income Taxes .....	(2,566)		2,127
Accrued Taxes .....	2,566		(2,127)
To reflect the annual interest on the retired long-term installment notes at an average rate of 9.80% and 10.44% for CGD and CGC, respectively, and a federal income tax effect of 35%.			
Investments in Subsidiaries -			
Equity in Undistributed Retained Earnings ...	(12,628)		
Income from Affiliated Equity Investments .....	12,628		
To reflect the change in CG's investment in subsidiaries related to the subsidiaries' pro forma loss due to additional interest expense net of tax, applicable to the issuance of long-term installment notes.			

</TABLE>

PRO FORMA ENTRIES  
DEBIT (CREDIT)  
(\$000)

<TABLE>  
<CAPTION>

	TCC	CGC	TVC	CKY	COH
<S>	<C>	<C>		<C>	<C>
Cash .....	100			14,700	135,800
Investments in Subsidiaries - Capital Stock .....					
Investments in Subsidiaries - Notes and Loans .....					
Common Stock .....	(100)			(2,000)	(44,000)
Long-Term Debt .....				(12,700)	(91,800)
To reflect the issuance of long-term installment notes and common stock.					
Interest Expense .....				1,048	7,574
Intercompany Accounts Payable .....				(1,048)	(7,574)
Interest Income .....					
Intercompany Accounts Receivable .....					
Income Taxes .....				(367)	(2,651)
Accrued Taxes .....				367	2,651
To reflect the annual interest on the new long-term installment notes at a rate of 8.25% and a federal income tax effect of 35%.					
Common Stock .....					
Additional Paid in Capital .....					
To record the reduction in the par value of CGT's common stock from \$25 to \$10.					
Investments in Subsidiaries - Capital Stock .....					
Investments in Subsidiaries - Equity in Undistributed Retained Earnings ...					
Investments in Subsidiaries - Notes and Loans .....					
Retained Earnings .....					
Additional Paid in Capital .....					
Long-Term Debt .....					
To reflect CGT's dividend payment and issuance of installment notes to CG.					
Interest Expense .....					
Intercompany Accounts Payable .....					
Interest Income .....					
Intercompany Accounts Receivable .....					
Income Taxes .....					
Accrued Taxes .....					
To reflect CGT's annual interest on the new long-term installment note at a rate of 8.25% and a federal income tax effect of 35%.					
Investments in Subsidiaries - Capital Stock .....					
Investments in Subsidiaries - Notes and Loans .....					
Additional Paid in Capital .....		(12,000)			
Long-Term Debt .....		12,000			
To reflect CG's contribution of installment notes to CGD's and CGC's additional paid-in-capital.					
Interest Expense .....		(1,253)			
Intercompany Accounts Payable .....		1,253			
Interest Income .....					
Intercompany Accounts Receivable .....					
Income Taxes .....		439			
Accrued Taxes .....		(439)			
To reflect the annual interest on the retired long-term installment notes					

at an average rate of 9.80% and 10.44% for CGD and CGC, respectively, and a federal income tax effect of 35%.

Investments in Subsidiaries -  
 Equity in Undistributed Retained Earnings ...  
 Income from Affiliated Equity Investments .....  
 To reflect the change in CG's investment in subsidiaries related to the subsidiaries' pro forma loss due to additional interest expense net of tax, applicable to the issuance of long-term installment notes.

</TABLE>

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THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES

UNAUDITED

6 (b) (3)

Page 3 of 3

PRO FORMA ENTRIES  
 DEBIT (CREDIT)  
 (\$000)

<TABLE>  
 <CAPTION>

	CMD	CPA	COS	CPI	CNR
<S>	<C>	<C>	<C>	<C>	<C>
Cash .....	8,500	50,100	42,200	4,500	50,000
Investments in Subsidiaries - Capital Stock .....					
Investments in Subsidiaries - Notes and Loans .....					
Common Stock .....	(3,000)	(16,500)	(26,000)		
Long-Term Debt .....	(5,500)	(33,600)	(16,200)	(4,500)	(50,000)
To reflect the issuance of long-term installment notes and common stock.					
Interest Expense .....	454	2,772	1,337	371	4,125
Intercompany Accounts Payable .....	(454)	(2,772)	(1,337)	(371)	(4,125)
Interest Income .....					
Intercompany Accounts Receivable .....					
Income Taxes .....	(159)	(970)	(468)	(130)	(1,443)
Accrued Taxes .....	159	970	468	130	1,443
To reflect the annual interest on the new long-term installment notes at a rate of 8.25% and a federal income tax effect of 35%.					
Common Stock .....					
Additional Paid in Capital .....					
To record the reduction in the par value of CGT's common stock from \$25 to \$10.					
Investments in Subsidiaries - Capital Stock .....					
Investments in Subsidiaries - Equity in Undistributed Retained Earnings ...					
Investments in Subsidiaries - Notes and Loans .....					
Retained Earnings .....					
Additional Paid in Capital .....					
Long-Term Debt .....					
To reflect CGT's dividend payment and issuance of installment notes to CG.					
Interest Expense .....					
Intercompany Accounts Payable .....					
Interest Income .....					
Intercompany Accounts Receivable .....					
Income Taxes .....					
Accrued Taxes .....					
To reflect CGT's annual interest on the new long-term installment note at a rate of 8.25% and a federal income tax effect of 35%.					
Investments in Subsidiaries -					

Capital Stock .....  
Investments in Subsidiaries -  
Notes and Loans .....  
Additional Paid in Capital .....  
Long-Term Debt .....  
To reflect CG's contribution of installment  
notes to CGD's and CGC's additional  
paid-in-capital.

Interest Expense .....  
Intercompany Accounts Payable .....  
Interest Income .....  
Intercompany Accounts Receivable .....  
Income Taxes .....  
Accrued Taxes .....  
To reflect the annual interest on the  
retired long-term installment notes  
at an average rate of 9.80% and 10.44%  
for CGD and CGC, respectively, and a  
federal income tax effect of 35%.

Investments in Subsidiaries -  
Equity in Undistributed Retained Earnings ...  
Income from Affiliated Equity Investments ....  
To reflect the change in CG's investment  
in subsidiaries related to the  
subsidiaries' pro forma loss due to  
additional interest expense net of tax,  
applicable to the issuance of long-term  
installment notes.

</TABLE>

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PAGE 1

EXHIBIT INDEX

(a) Exhibits

<TABLE>

<S>	<C>
A-1	Form of Installment Note for all Subsidiaries.
A-2	Form of Subsidiary common stock certificate (Exhibit A-2 to Joint Application-Declaration (File No. 70-7276) is hereby incorporated by reference).
A-3	Form of Money Pool Evidence of Deposit.
A-4	Form of Subsidiary Money Pool Short-Term Grid Note.
D-1	Bankruptcy Court Motion and Order approving recapitalization.
D-2	Order of Virginia State Corporation Commission (to be filed by Post-Effective Amendment).
F	Opinion of Counsel for Columbia and Subsidiaries (to be filed by Amendment).
G	Financial Data Schedule (incorporated herein as Exhibit No. 27).
H	Proposed Notice.
I	List of Acronyms used in exhibits and financial statements.
J	Description of the Columbia Gas Intrasystem Money Pool.

</TABLE>

Exhibit A-1

FORM OF INSTALLMENT PROMISSORY NOTE

% PROMISSORY NOTE

August , 1994

[Company] a Delaware corporation (hereinafter called the Corporation), for value received, promises to pay to THE COLUMBIA GAS SYSTEM, INC., a Delaware corporation, or order, the principal sum of DOLLARS (\$) in 9 equal annual installments of DOLLARS (\$) and a final payment of DOLLARS (\$) principal amount each, payable on April 1, 1996 and on each succeeding April 1, to and including April 1, 2005; and to pay interest on the unpaid part of the principal sum hereof at the rate of ( %) per annum from the date hereof, payable semiannually on April 1 and October 1 until the principal sum hereof shall have been paid in full. Both such annual installments and interest hereon shall be paid at the principal office of The Columbia Gas System, Inc., in such coin or currency of the United States of America as at the time of the payment thereof shall be legal tender for the payment of public and private debts.

This Note may be prepaid at any time and from time to time in whole or in part at the principal amount thereof (i.e. without premium) and accrued interest to the date of such prepayment, provided that if any such prepayment shall be in part, the amount of such prepayment shall be applied to the reduction of the last remaining annual installment.

On the occurrence of any one of the following events of default:

(a) Non payment of the principal of or interest on this Note when due,

(b) The Corporation shall admit in writing its inability to pay its debts as they mature or shall voluntarily suspend transaction of all or substantially all of its business or shall file a voluntary petition in bankruptcy or voluntary petition seeking reorganization or to effect a plan or other arrangement with creditors, or shall file an answer admitting the jurisdiction of the court and the material allegations of an involuntary petition filed pursuant to any law relating to bankruptcy, insolvency or the relief of debtors or shall be adjudicated a bankrupt or make an assignment for the benefit of creditors or to an agent (authorized to liquidate any substantial amount of its assets) or shall apply for or consent to

the appointment of any receiver or trustee for it or for all or any substantial portion of its property, or

(c) An order shall be entered pursuant to any law relating to bankruptcy, insolvency or the relief of debtors approving an involuntary petition seeking reorganization of the Corporation or for adjudication that it is a bankruptor insolvent or an order of any court shall be entered appointing any receiver or trustee for it or for all or any substantial portion of its property, or a writ of execution or any similar process shall be issued or levied against all or any substantial portion of its property and such order approving such petition or appointing such receiver or trustee is not vacated or stayed or such writ

or execution or similar process is not stayed, satisfied or vacated within 60 days after its entry or levy.

then, and, in each and every such event, the owner: (a) may by notice in writing to the Corporation declare the unpaid balance of this Note forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, and (b) will be entitled to a default rate equal to 2% per annum in excess of the stated rate on the unpaid principal amount anytime payment of the principal of or interest on this note becomes past due.

IN WITNESS WHEREOF said Corporation pursuant to due authorization has caused this Note to be executed in its name and on its behalf by its duly authorized officers, all as of the day and year first above written.

[Company]

-----  
Treasurer

-----  
President

\*\*\*\*\*

ENDORSEMENTS

-----  
-----  
\*\*\*\*\*





EXHIBIT A-3

COLUMBIA GAS SYSTEM  
INTRASYSTEM MONEY POOL  
EVIDENCE OF DEPOSIT

\$ (see attached schedule)

Wilmington, Delaware  
\_\_\_\_\_, 1994

The undersigned, Columbia Gas System Service Corporation, a Delaware corporation, ("Service"), in its capacity as Agent of the funds invested in Columbia Gas System's Intrasystem Money Pool (the "Money Pool"), hereby acknowledges receipt of the aggregate unpaid principal amount of all investments deposited in the Money Pool (that are posted on the schedule annexed hereto and made a part hereof) made by the investor to the undersigned pursuant to the short-term financing authorization approved by the Securities and Exchange Commission.

Under the terms of Money Pool Borrowing, the subsidiaries pay interest on the unpaid principal amount hereof from time to time from the date hereof at the rate per annum equal to the Money Pool's weighted average short-term investment rate. Should there be no Money Pool investments, the rate will be the prior month's Federal Funds rate as published in the Federal Reserve Statistical Release, Publication H.15 (519). Interest shall be payable monthly in arrears and upon payment (including prepayment) in full of the unpaid principal amount hereof. Upon demand for payment, demand will be made of the borrowing Subsidiaries.

IN WITNESS WHEREOF said Columbia Gas System Service Corporation pursuant to due authorization has caused this Evidence of Deposit to be executed on behalf of Columbia's Intrasystem Money Pool by its duly authorized officers, all as of the aforementioned Note Execution Date first above written.

(Columbia Intrasystem Money Pool)

By: \_\_\_\_\_

Title:

EXHIBIT A-4

COLUMBIA GAS SYSTEM  
INTRASYSTEM MONEY POOL ADVANCES

As of \_\_\_\_\_  
\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned,

\_\_\_\_\_, a \_\_\_\_\_ corporation, (the

"Company"), hereby unconditionally promises to pay on demand or in any event by \_\_\_\_\_ to the order of Columbia Gas System Service Corporation ("Service"), in its capacity as Agent of the Columbia Gas System Intrasystem Money Pool (the "Money Pool") and for the benefit of the Money Pool depositors, at the Office of Service located at 20 Montchanin Road, Wilmington, Delaware 19807, in lawful money of the United States of America and in immediately available funds, the principal amount of the aggregate unpaid principal amount of all Loans (that are posted on the schedule annexed hereto and made a part hereof) made by the Money Pool to the undersigned pursuant to the financing authorization approved by the Securities and Exchange Commission.

The undersigned further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time from the date hereof at the rate per annum equal to the Money Pool's weighted average short-term investment rate. Should there be no Money Pool investments, the cost of money will be the prior month's Federal Funds rate as published in the Federal Reserve Statistical Release, Publication H.15 (519). Interest shall be payable monthly in arrears and upon payment (including prepayment) in full of the unpaid principal amount hereof. If applicable, a default rate equal to 2% per annum above the pre-default rate on the unpaid principal amount will be assessed if any interest or principal payment becomes past due.

This Note shall be governed by, and construed and interpreted in accordance with, the Laws of the State of Delaware without regard to conflicts of laws principles, except as preempted by Federal law.

IN WITNESS WHEREOF said \_\_\_\_\_ pursuant to due authorization has caused this Note to be executed in its name and on its behalf by its duly authorized officers, all as of the aforementioned Note Execution Date first above written.

-----  
Company

By:

-----  
Title:

EXHIBIT D-1

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re	)	Chapter 11
	)	
THE COLUMBIA GAS SYSTEM, INC. and	)	
COLUMBIA GAS TRANSMISSION CORPORATION	)	Case Nos. 91-803
	)	804
Debtors.	)	

MOTION FOR AN ORDER AUTHORIZING THE  
RECAPITALIZATIONS OF VARIOUS NON-DEBTOR  
SUBSIDIARIES OF THE COLUMBIA GAS SYSTEM, INC.

TO: THE HONORABLE HELEN S. BALICK  
UNITED STATES BANKRUPTCY JUDGE

The Columbia Gas System, Inc. ("CG" or "Debtor") hereby files this motion (the "Motion") for an Order authorizing the recapitalizations of three of its non-debtor subsidiaries, Columbia Gulf Transmission Company ("Columbia Gulf"), Columbia Coal Gasification Corporation ("Columbia Coal"), and Columbia Gas Development Corporation ("Columbia Development," and together with Columbia Gulf and Columbia Coal, the "Subsidiaries"), and respectfully represents as follows:

INTRODUCTION

1. On July 31, 1991, CG and one of its wholly-owned subsidiaries,

Columbia Gas Transmission Corporation ("TCO" and together with CG, the "Debtors") filed petitions for reorganization under Chapter 11 of

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Title 11 of the United States Code (the "Bankruptcy Code") with this Court and were thereupon continued in the management of their respective businesses and possession of their respective properties as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases, except a fee examiner has been appointed by order of this Court.

2. On August 12, 1991, the United States Trustee appointed Official Committees of Unsecured Creditors for CG and TCO. On September 30, 1991, the United States Trustee appointed an Official Committee of Customers for TCO, and on October 18, 1991, the United States Trustee appointed an Official Committee of Equity Security Holders for CG.

3. This Court has jurisdiction over this application pursuant to 28 U.S.C. Sections 157 and 1334. Venue of these proceedings and the within application in this district is proper pursuant to 28 U.S.C. Sections 1408 and 1409. The statutory predicates for the relief sought herein are Sections 105, 363 and 1108 of the Bankruptcy Code.

4. The Debtors and their affiliates comprise one of the largest natural gas systems in the United States, composed of CG, a public utility holding company registered as such under the Public Utility Holding Company Act of 1935, as amended ("PUHCA"), a service company and eighteen other operating subsidiaries, including TCO. The subsidiaries of CG are primarily engaged in the exploration and production, purchase, storage, transmission, marketing and

distribution of natural gas at wholesale and retail, as well as related resource development.

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#### BACKGROUND

5. The Subsidiaries are each wholly-owned by CG and have current capital structures consisting of unsecured debt and equity securities, all of which are held by CG. The Subsidiaries have no secured creditors.

6. As part of its financial-planning process, CG seeks to establish capital structures that generally conform to its subsidiaries' expectations for growth, profitability and their capital requirements. In accordance with this planning process, CG has reviewed the capital structures for the Subsidiaries.

7. Columbia Gulf operates an interstate pipeline that extends from offshore Louisiana to Kentucky where it interconnects with the pipeline facilities of TCO. Columbia Gulf's current capital structure consists of approximately \$8 million in debt and \$159 million in equity for 5% debt and 95% equity ratios. Over the years, Columbia Gulf has generated sufficient net income to meet its operational needs and debt repayments, thereby creating a current capital structure with an equity component that is much higher than is necessary given Columbia Gulf's current and anticipated business climate.

8. Columbia Coal was originally formed to develop and operate coal mines, with part of the coal to be used in a coal gasification plant. Changes in the industrial energy markets, which resulted in a negative competitive and economic climate for synthetic fuels, and uneconomic mining operations caused Columbia Coal to alter its business plan. Currently,

Columbia Coal leases some of its coal mineral interests and receives royalty payments based upon the coal produced from these leased properties. Columbia Coal's current capital structure consists of approximately \$16 million in debt

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and \$5 million in negative equity yielding a negative equity ratio. Columbia Coal's distorted capital structure results from operating losses in connection with its original business plan.

9. Columbia Development conducts oil and gas operations in the Gulf of Mexico and the continental United States, excluding the Appalachian region. Columbia Development's current capital structure consists of approximately \$132 million in debt and \$41 million in equity for 76% debt and 24% equity ratios. Columbia Development's profitability has been adversely affected by depressed oil and gas commodity prices. Because of full-cost accounting rules, the true value of Columbia Development's oil and gas reserves may not be reflected on Columbia Development's books. Further, write-downs in connection with declining oil and gas prices have resulted in significant losses to Columbia Development and reductions in Columbia Development's equity ratio in recent periods.\*\*\*

RELIEF REQUESTED

10. CG seeks, by this Motion, to recapitalize the Subsidiaries in order to establish capital structures more appropriate for the Subsidiaries' current and prospective business and economic environments.



\*\*\* On November 12, 1992 this Court issued an Order authorizing CG to recapitalize Columbia Development, through a capital contribution to Columbia Development's net common equity of unsecured debt previously issued by Columbia Development and held by CG, to the extent necessary to increase Columbia Development's net common equity to \$40 million. This recapitalization was in response to Federal Offshore Oil Pollution Compensation Fund regulations which required that Columbia Development have at least \$35 million of equity to qualify as a self-insured operator.

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11. CG believes the most effective means to establish such a capital structure for Columbia Gulf would be to increase Columbia Gulf's long-term debt by \$67 million. This would be accomplished by amending Columbia Gulf's certificate of incorporation to revise the par value of its common stock from \$25 per share to \$10 per share, thereby creating a balance of approximately \$90 million in its additional paid-in capital account. Columbia Gulf would then issue \$67 million of installment promissory notes to CG. The proceeds from the installment promissory notes would be used by Columbia Gulf to pay out of surplus a dividend of \$67 million to CG. This approach is designed to accomplish a tax free recapitalization. As a result, Columbia Gulf's capital structure would be 55% equity and 45% debt. CG believes that the increase in Columbia Gulf's debt, and the corresponding increase in debt service to CG, is appropriate given Columbia Gulf's current operations and future business prospects.

12. CG believes the most effective means to establish a capital structure for Columbia Coal that is appropriate given its current expectations for growth, profitability and capital requirements would be for CG to increase Columbia Coal's common equity percentage to 60%. This would be effectuated through a tax-free capital contribution to Columbia Coal's net common equity of

\$12 million of installment promissory notes previously issued by Columbia Coal and held by CG. Such amount would include accrued interest on the effective date of the recapitalization. Columbia Coal's common equity would be increased to approximately a positive \$7 million, and, as a result, its capital structure would be 60% equity and 40% debt. CG believes that the reduction in Columbia Coal's debt, and the corresponding reduction in debt

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service to CG, is appropriate given Columbia Coal's current and future operations and business prospects.

13. CG believes the most effective means to establish a capital structure for Columbia Development that is appropriate given its current business prospects and operations would be for CG to increase Columbia Development's common equity percentage to 60%. This would be effectuated through a tax-free capital contribution to Columbia Development's net common equity of \$62 million of installment promissory notes previously issued by Columbia Development and held by CG. Such amount would include accrued interest on the effective date of the recapitalization. Columbia Development's common equity would be increased to \$103 million, and, as a result, its capital structure would be 60% equity and 40% debt.

14. After the proposed recapitalizations, CG would still hold 100% of the Subsidiaries' capital in the form of common equity and unsecured debt. Since the proposed recapitalizations would require no new investment, no cash infusion from CG would be necessary.

15. Approval of the proposed recapitalizations by the U.S. Securities and Exchange Commission (the "SEC") under PUHCA will be sought

shortly. CG is currently negotiating substantial amendments to the Secured Revolving Credit Agreement dated September 23, 1991, as amended (the "Credit Agreement"), approved pursuant to this Court's Final Order (dated September 10, 1991) Authorizing The Columbia Gas System, Inc. to (i) Borrow Monies (ii) Grant Senior and Junior Liens and Superpriority Administrative Expense Claims Pursuant to 11 U.S.C. Sec. 364(c). The proposed amendments to the Credit Agreement will eliminate various restrictive covenants that currently

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prohibit, among other things, CG's purchase of equity securities of its subsidiaries and will only provide for letters of credit. The amendments will also enable CG to purchase both debt and equity securities of its subsidiaries. CG will seek this Court's approval upon completion of the amendments to the Credit Agreement.

16. The profitability of Columbia Development and Columbia Coal is currently affected by the level of debt service payments to CG. If the proposed recapitalizations of Columbia Development and Columbia Coal are not effectuated, Columbia Development and Columbia Coal may have to expend resources in order to obtain the approval of the SEC for CG to advance additional funds necessary for these subsidiaries to service their debt to CG. Although the overall impact of the proposed recapitalizations with respect to CG will be a minor decrease in CG's unsecured debt investment position in the Subsidiaries by \$8 million and increase its equity investment by a like amount, CG believes that the recapitalizations proposed for Columbia Development and Columbia Coal are better suited to the business prospects of these companies and, in addition, such recapitalizations will reduce the need to request additional authorization from

the SEC to fund the these subsidiaries' debt service to CG.

17. CG hereby seeks an order authorizing it to engage in a recapitalizations of the Subsidiaries as set forth in this Motion.

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WHEREFORE, CG respectfully requests the Court to enter an order in the form annexed hereto authorizing it to engage in the recapitalizations described therein, to perform its obligations thereunder and grant to CG such other and further relief as the Court may deem just and proper.

Dated: Wilmington, Delaware

June 30, 1994

YOUNG, CONAWAY, STARGATT & TAYLOR

/s/ Robert S. Brady  
-----

James L. Patton, Jr.  
Laura Davis Jones  
Robert S. Brady  
11th Floor - Rodney Square North  
P.O. Box 391  
Wilmington, Delaware 19899-0391  
(302) 571-6684

STROOCK & STROOCK & LAVAN  
Lewis Kruger  
Robin E. Keller  
Herbert Katz  
Seven Hanover Square  
New York, New York 10004  
(212) 806-5400

CRAVATH, SWAINE & MOORE  
Worldwide Plaza  
825 Eighth Avenue  
New York, New York 10019  
(212) 474-1000

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re	)	Chapter 11
	)	
THE COLUMBIA GAS SYSTEM, INC. and	)	
COLUMBIA GAS TRANSMISSION CORPORATION	)	Case Nos. 91-803
	)	804
Debtors.	)	

AFFIDAVIT OF LARRY J. BAINTER

STATE OF DELAWARE	)	
	)	ss.:
COUNTY OF NEW CASTLE	)	

Larry J. Bainter, being duly sworn, deposes and says:

1. I am the Treasurer of The Columbia Gas System, Inc. ("CG"). I make this affidavit in support of CG's motion (the "Motion") for an Order Authorizing the Recapitalizations of Various Non-Debtor Subsidiaries.

2. I have read the foregoing Motion, have personal knowledge as to the facts stated therein and know them to be true and correct. If called upon to testify as to such facts, I am qualified to competently so testify.

/s/ Larry J. Bainter  
-----  
Larry J. Bainter

SWORN TO AND SUBSCRIBED before me this 30th day of June, 1994.

/s/ Ellen Patterson  
-----  
Notary Public

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re	)	Chapter 11
	)	
THE COLUMBIA GAS SYSTEM, INC. and	)	
COLUMBIA GAS TRANSMISSION CORPORATION	)	Case Nos. 91-803
	)	804
Debtors.	)	

ORDER AUTHORIZING THE RECAPITALIZATION OF VARIOUS  
NON-DEBTOR SUBSIDIARIES OF THE COLUMBIA GAS SYSTEM, INC.

Upon the motion of The Columbia Gas System, Inc., debtor and debtor-in-possession ("CG") dated June 30, 1994, (the "Motion") for entry of an Order Authorizing the Recapitalization of Various Non-Debtor Subsidiaries, as set forth in the Motion; a hearing on the Motion having been held on July 20, 1994; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that the recapitalization of the Subsidiaries as set forth in the Motion are hereby approved.

Dated: Wilmington, Delaware

July 20, 1994

/s/ Helen S. Balick  
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The Honorable Helen S. Balick  
United States Bankruptcy Judge

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 1

<NAME> THE COLUMBIA GAS SYSTEM, INC. AND SUBSIDIARIES

<MULTIPLIER> 1,000

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<RETAINED-EARNINGS>	372,346	372,346
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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<SUBSIDIARY>

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<MULTIPLIER> 1,000

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<RETAINED-EARNINGS>	372,346	372,346
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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

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Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 3

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<MULTIPLIER> 1,000

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 4

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<MULTIPLIER> 1,000

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 5

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<MULTIPLIER> 1,000

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 6

<NAME> COLUMBIA ENERGY SERVICES CORPORATION

<MULTIPLIER> 1,000

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

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FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 7

<NAME> COLUMBIA PROPANE CORPORATION

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<INCOME-TAX-EXPENSE>	334	334
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TWELVE MONTHS ENDING JUNE 30, 1994

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<SUBSIDIARY>

<NUMBER> 8

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<MULTIPLIER> 1,000

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TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 9

<NAME> TRISTAR CAPITAL CORPORATION

<MULTIPLIER> 1,000

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WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<SUBSIDIARY>

<NUMBER> 10

<NAME> COLUMBIA COAL GASIFICATION CORPORATION

<MULTIPLIER> 1,000

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 11

<NAME> COLUMBIA GAS OF KENTUCKY, INC.

<MULTIPLIER> 1,000

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 12

<NAME> COLUMBIA GAS OF OHIO, INC.

<MULTIPLIER> 1,000

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 13

<NAME> COLUMBIA GAS OF MARYLAND, INC.

<MULTIPLIER> 1,000

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<GROSS-OPERATING-REVENUE>	0	0
<INCOME-TAX-EXPENSE>	650	491
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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 14

<NAME> COLUMBIA GAS OF PENNSYLVANIA, INC.

<MULTIPLIER> 1,000

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<CAPITAL-LEASE-OBLIGATIONS>	0	0
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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 15

<NAME> COMMONWEALTH GAS SERVICES, INC.

<MULTIPLIER> 1,000

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<OTHER-PROPERTY-AND-INVEST>	0	0
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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<NUMBER> 16

<NAME> COLUMBIA PROPANE, INC.

<MULTIPLIER> 1,000

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<SUBSIDIARY>

<NUMBER> 17

<NAME> COLUMBIA ATLANTIC TRADING CORPORATION

<MULTIPLIER> 1,000

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WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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THE COLUMBIA GAS SYSTEM INC, AND SUBSIDIARIES

Item 6(a)

ARTICLE OPUR1

Exhibit 27

FINANCIAL DATA SCHEDULES

TWELVE MONTHS ENDING JUNE 30, 1994

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<SUBSIDIARY>

<NUMBER> 18

<NAME> COLUMBIA NATURAL RESOURCES, INC

<MULTIPLIER> 1,000

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## EXHIBIT H

## SECURITIES AND EXCHANGE COMMISSION

(Release No. )

The Columbia Gas System, Inc. and Subsidiaries Notice of Proposed Recapitalization of Certain Subsidiaries and Proposed Intrasystem Financing and Money Pool Programs for the period January 1, 1995 through December 31, 1996.

The Columbia Gas System, Inc. ("Columbia"), a Delaware corporation and registered holding company and subsidiaries:

COLUMBIA GAS OF OHIO, INC. ("Columbia Ohio")  
 COLUMBIA GAS OF PENNSYLVANIA, INC. ("Columbia Pennsylvania")  
 COLUMBIA GAS OF KENTUCKY, INC. ("Columbia Kentucky")  
 COLUMBIA GAS OF MARYLAND, INC. ("Columbia Maryland")  
 COMMONWEALTH GAS SERVICES, INC. ("Commonwealth Services")  
 200 Civic Center Drive  
 Columbia, Ohio 43215  
 COLUMBIA GULF TRANSMISSION COMPANY ("Columbia Gulf")  
 1700 MacCorkle Avenue, S.E.  
 Charleston, West Virginia 25314  
 COLUMBIA GAS DEVELOPMENT CORPORATION ("Development")  
 One Riverway  
 Houston, Texas 77056  
 COMMONWEALTH PROPANE, INC. ("Commonwealth Propane")  
 COLUMBIA PROPANE CORPORATION ("Columbia Propane")  
 800 Moorefield Park Drive  
 Richmond, Virginia 23236  
 COLUMBIA GAS SYSTEM SERVICE CORPORATION ("Service")  
 COLUMBIA LNG CORPORATION ("Columbia LNG")  
 COLUMBIA ATLANTIC TRADING CORPORATION ("Columbia Atlantic")  
 COLUMBIA ENERGY SERVICES CORPORATION ("Energy Services")  
 2581 Washington Road  
 Upper Saint Clair, PA 15241  
 TRISTAR VENTURES CORPORATION ("TriStar Ventures")  
 TRISTAR CAPITAL CORPORATION ("TriStar Capital")  
 20 Montchanin Road  
 Wilmington, Delaware 19807  
 COLUMBIA NATURAL RESOURCES, INC. ("Columbia Natural")  
 COLUMBIA COAL GASIFICATION CORPORATION ("Coal Gasification")  
 900 Pennsylvania Ave.  
 Charleston, West Virginia 25302

(the "Subsidiaries") have filed a joint application-declaration with this Commission pursuant to Sections 6, 7, 9, 10, 12(b) and 12(f) under the Public Utility Holding Company Act of 1935 (the "Act") and Rules 43 and 45 thereunder.

Columbia Gulf, Development and Coal Gasification plan to recapitalize on or about December 31, 1994 in order to establish capital structures which are more appropriate for the business and economic conditions under which these companies currently operate. The proposed transactions are summarized as follows:

1. To bring Columbia Gulf's long-term debt/equity ratio to 45/55, Columbia Gulf will issue Installment Promissory Notes ("Installment Notes") to Columbia, for cash, of up to \$67 million, reduce the par value of Columbia Gulf's common stock from \$25 per share to \$10 per share, declare the approximately \$90 million additional paid in capital thus created excess to the needs of the company and pay a dividend of up to \$67 million to Columbia out of the surplus thus created.

2. To bring Development's long-term debt/equity ratio to 40/60, Columbia will make a tax-free capital contribution of up to \$62 million of Installment Notes previously issued by Development and held by Columbia.

3. To bring Columbia Coal's long-term debt/equity ratio to 40/60, Columbia will make a tax-free capital contribution of up to \$12 million of Installment Notes previously issued by Columbia Coal and held by Columbia.

The Subsidiaries are engaged in construction programs and gas supply projects which will involve capital expenditures during the period January 1, 1995 through December 31, 1996. TriStar Ventures, Columbia LNG, Energy Services and Columbia Atlantic are party to this filing only for authorization to participate in the Intrasystem Money Pool ("Money Pool").

The other subsidiaries plan to finance part of their capital expenditure programs with funds generated from internal sources, the balance financed through short-term borrowings from the Money Pool, to the extent any subsidiaries or Columbia have temporary excess funds, or the sale to Columbia, for cash, of Common Stock at par value and/or Installment Notes up to the amounts indicated below:

<TABLE>  
<CAPTION>

	Long Term Financing		
	Common Stock	Installment Notes	Total
	\$MM	\$MM	\$MM
<S>	<C>	<C>	<C>
Columbia Kentucky . . . . .	2.0*	12.7	14.7
Columbia Maryland . . . . .	3.0	5.5	8.5
Columbia Ohio . . . . .	44.0*	91.8	135.8
Columbia Pennsylvania . . . . .	16.5*	33.6	50.1
Commonwealth Services . . . . .	26.0*	16.2	42.2
Columbia Natural . . . . .	--	50.0	50.0
Development . . . . .	25.0	25.0	50.0
Commonwealth Propane . . . . .	--	4.5	4.5
Columbia Gulf . . . . .	--	13.0	13.0
Service . . . . .	10.0	5.0	15.0
TriStar Capital . . . . .	0.1	--	0.1
	=====	=====	=====
Total . . . . .	126.6	257.3	383.9

</TABLE>

The Installment Notes will be unsecured, will be dated the date of their issue, and will have provisions similar to the Installment Promissory Notes heretofore approved by the Commission. The interest rate on the Installment

Notes will be determined quarterly based upon the preceding three-month average yield on newly issued "A" rated 25-30 year utility bonds as published in Salomon Brothers' weekly Bond Market Roundup. The principal amount of the Installment Notes will be repaid over a term, not exceeding thirty years. A default rate equal to 2.00% per annum in excess of the stated rate on unpaid principal or interest amounts will be assessed if any interest or principal payment becomes past due. All of the Installment notes will be purchased by Columbia by December 31, 1996.

The Subsidiaries' short-term peak requirements are estimated to be \$452.0 million for the period January 1, 1995 through December 31, 1996, to be funded through aggregated temporary surplus cash from subsidiaries and temporary surplus cash from Columbia. All short-term borrowings will be funded through the Money Pool and will be made pursuant to a Money Pool short-term grid note. All short-term investments under the Money Pool will be made pursuant to a Money Pool evidence of deposit. The cost of money on all short-term advances from the Money Pool and the investment rate for moneys invested in the Money Pool will be the interest rate per annum equal to the Money Pool's weighted average short-term investment rate. Should there be no Money Pool investments, the cost of money will be the prior month's Federal Funds rate as published in the Federal Reserve Statistical Release, Publication H.15 (519). A default rate equal to 2% per annum above the pre-default rate on unpaid principal or interest amounts will be assessed if any interest or principal becomes past due. Advances from the Money Pool will be limited to a maximum amount outstanding at any one time for the period January 1, 1995 through December 31, 1996 for each of the Subsidiaries as shown below:

-----  
 \*The issuance of common stock will be approved by the appropriate state commission and is exempt from Sections 6 and 9 by virtue of Rule 52.

<TABLE>  
 <CAPTION>

	Short Term Debt
	-----
	\$MM
<S>	<C>
Columbia Kentucky . . . . .	19.0
Columbia Maryland . . . . .	4.0
Columbia Ohio . . . . .	240.0
Columbia Pennsylvania . . . . .	88.0
Commonwealth Services . . . . .	19.0
Columbia Gulf . . . . .	19.0
Columbia Natural . . . . .	30.0
Development . . . . .	15.0
Columbia Propane . . . . .	2.0
Commonwealth Propane . . . . .	4.0
Service . . . . .	10.0
Coal Gasification . . . . .	2.0
	=====
Total . . . . .	452.0

</TABLE>

The funds would be advanced, repaid and reborrowed, as required through the period January 1, 1995 through December 31, 1996 with all such advances to be fully repaid by April 30, 1997.

The Bankruptcy Court has approved the proposed recapitalizations and

authorized Columbia to fund its subsidiaries pursuant to authorizations by this Commission. The Commission is requested to reserve jurisdiction over the issuance of short-term borrowings and the installment promissory notes by Commonwealth Services pending filing of the order approving the issuance of the notes by Commonwealth Services and acquisition by Columbia. The Commission is requested to authorize the issuance of installment promissory notes by Columbia of Pennsylvania, Columbia of Ohio and Columbia of Kentucky subject to the orders of the State Commissions with jurisdiction. Such orders to be filed with certificates pursuant to Rule 24.

It is proposed that the Money Pool, which was last approved by the Commission in File No. 70-8219, be continued through December 31, 1996.

The joint application-declaration and any amendments thereto are available for public inspection through the commission's Office of Public Reference. Interested persons wishing to comment or request a hearing should submit their views in writing by December 15, 1994, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicants-declarants at the address specified above. Proof of service (by affidavit or, in case of an attorney-at-law, by certificate) should be filed with the request. Any request for a hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in this matter. After said date, the joint application-declaration, as filed or as it may be amended, may be permitted to become effective.

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For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz  
Secretary

EXHIBIT I

LIST OF ACRONYMS FOR EXHIBITS AND FINANCIAL STATEMENTS

Company	Acronym
-----	-----
The Columbia Gas System, Inc. & Subsidiaries . . . . .	CGS
The Columbia Gas System, Inc. . . . .	CG
Columbia Gas System Service Corporation . . . . .	CS
Columbia Gas Development Corporation . . . . .	CGD
Columbia Gulf Transmission Company . . . . .	CGT
Columbia Energy Services Corporation . . . . .	CES
TriStar Ventures Corporation . . . . .	TVC
TriStar Capital Corporation . . . . .	TCC
Columbia LNG Corporation . . . . .	CLG
Columbia Coal Gasification Corporation . . . . .	CGC
Columbia Gas of Kentucky, Inc. . . . .	CKY
Columbia Gas of Ohio, Inc. . . . .	COH
Columbia Gas of Maryland, Inc. . . . .	CMD
Columbia Gas of Pennsylvania, Inc. . . . .	CPA
Commonwealth Gas Services, Inc. . . . .	COS
Commonwealth Propane, Inc. . . . .	CPI
Columbia Propane Corporation . . . . .	CPC
Columbia Atlantic Trading Corporation . . . . .	CAT
Columbia Natural Resources, Inc. . . . .	CNR



## EXHIBIT J

## Columbia Gas Intrasystem Money Pool

The Columbia Gas Intrasystem Money Pool (the "Money Pool") is a contractual arrangement among The Columbia Gas System, Inc. ("Columbia") and its subsidiary companies (the "Subsidiaries") (together, the "System"), approved by the Securities and Exchange Commission (the "Commission") pursuant to the Public Utility Holding Company Act of 1935, which permits efficient short-term financing and investing by pooling temporary excess cash of the Subsidiaries and Columbia. As participants in the Money Pool, Subsidiaries which have temporary excess cash ("Investors") may deposit such funds in the Money Pool. Money Pool funds may be invested in a portfolio of United States Treasury obligations or lent to other Subsidiaries ("Borrowers") on a short-term basis. All companies in the System may participate in the Money Pool, although Columbia and certain of the Subsidiaries participate only as Investors. Each Subsidiary's daily cash position and the resultant amounts of its deposits or required borrowings, if any, are determined individually.

The Money Pool is administered by Columbia Gas System Service Corporation ("Service") in its capacity as agent. Funds are consolidated through bank accounts maintained by Service and, to the extent that the Investors' deposits exceed the Borrowers' requirements, funds are invested in a portfolio for the benefit of the Investors.

At any time when the Borrowers' requirements exceed the Investors' temporary excess cash balances, Columbia lends to the Money Pool to satisfy those requirements. The source of Columbia's deposits, while in bankruptcy, will be its own excess funds. At no time does Columbia borrow from the Money Pool or from any Subsidiary.

The interest rate charged to Borrowers from the Money Pool and paid to Investors for deposits to the Money Pool (the "Money Pool Rate") is equal to the Money Pool's weighted average short-term investment rate. Should there be no Money Pool investments, the rate will be the prior month's Federal Funds rate as published in the Federal Reserve Statistical Release, Publication H.15(519).

The specific terms of the borrowings are included in the Subsidiary Money Pool Short-Term Grid Note attached as Attachment I.

Columbia's temporary excess funds and Money Pool funds, to the extent that such funds exceed the requirements of the Borrowers, are invested in accordance with Short-Term Investment Guidelines (the "Guidelines") approved by Columbia's Chief Financial Officer. A summary of the current Guidelines is included herewith as Attachment II. Funds deposited in the Money Pool by the Subsidiaries are acknowledged by an Evidence of Deposit, the form of which is attached as Attachment III.

When there are both Investors (including Columbia) and Borrowers in the Money Pool at the same time, funds of each Investor are allocated pro rata to each Borrower. All borrowings and deposits through the Money Pool are documented in the records of the individual participants.

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Attachment I

COLUMBIA GAS SYSTEM

INTRASYSTEM MONEY POOL ADVANCES

As of \_\_\_\_\_  
\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, a \_\_\_\_\_ corporation, (the "Company"), hereby unconditionally promises to pay on demand or in any event by \_\_\_\_\_ to the order of Columbia Gas System Service Corporation ("Service"), in its capacity as Agent of the Columbia Gas System Intrasystem Money Pool (the "Money Pool") and for the benefit of the Money Pool depositors, at the Office of Service located at 20 Montchanin Road, Wilmington, Delaware 19807, in lawful money of the United States of America and in immediately available funds, the principal amount of the aggregate unpaid principal amount of all Loans (that are posted on the schedule annexed hereto and made a part hereof) made by the Money Pool to the undersigned pursuant to the financing authorization approved by the Securities and Exchange Commission.

The undersigned further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time from the date hereof at the rate per annum equal to the Money Pool's weighted average short-term investment rate. Should there be no Money Pool investments, the cost of money will be the prior month's Federal Funds rate as published in the Federal Reserve Statistical Release, Publication H.15 (519). Interest shall be payable monthly in arrears and upon payment (including prepayment) in full of the unpaid principal amount hereof. If applicable, a default rate equal to 2% per annum above the pre-default rate on the unpaid principal amount will be assessed if any interest or principal payment becomes past due.

This Note shall be governed by, and construed and interpreted in accordance with, the Laws of the State of Delaware without regard to conflicts of laws principles, except as preempted by Federal law.

IN WITNESS WHEREOF said \_\_\_\_\_ pursuant to due authorization has caused this Note to be executed in its name and on its behalf

by its duly authorized officers, all as of the aforementioned Note Execution Date first above written.

-----  
Company

By: -----

5

Title:

Page 1

Attachment II

Columbia Gas System  
Summary of  
Short-Term Investment Guidelines

A. Treasury and Agency Securities (up to one year, no maximum amount)

U.S. Governments or agencies or derivative instruments supported by these securities

B. Repurchase Agreements

Purchased through domestic securities dealers or commercial banks with at least "A" rated long-term debt, supported by direct pay obligations of U.S. government or its major agencies or derivative instruments supported by these securities, and must be "marked to market" at least weekly.

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Attachment III

COLUMBIA GAS SYSTEM  
INTRASYSTEM MONEY POOL  
EVIDENCE OF DEPOSIT

§ (see attached schedule)

Wilmington, Delaware  
\_\_\_\_\_, 1994

The undersigned, Columbia Gas System Service Corporation, a Delaware corporation, ("Service"), in its capacity as Agent of the funds invested in

Columbia Gas System's Intrasystem Money Pool (the "Money Pool"), hereby acknowledges receipt of the aggregate unpaid principal amount of all investments deposited in the Money Pool (that are posted on the schedule annexed hereto and made a part hereof) made by the investor to the undersigned pursuant to the short-term financing authorization approved by the Securities and Exchange Commission.

Under the terms of Money Pool Borrowing, the subsidiaries pay interest on the unpaid principal amount hereof from time to time from the date hereof at the rate per annum equal to the Money Pool's weighted average short-term investment rate. Should there be no Money Pool investments, the rate will be the prior month's Federal Funds rate as published in the Federal Reserve Statistical Release, Publication H.15 (519). Interest shall be payable monthly in arrears and upon payment (including prepayment) in full of the unpaid principal amount hereof. Upon demand for payment, demand will be made of the borrowing Subsidiaries.

IN WITNESS WHEREOF said Columbia Gas System Service Corporation pursuant to due authorization has caused this Evidence of Deposit to be executed on behalf of Columbia's Intrasystem Money Pool by its duly authorized officers, all as of the aforementioned Note Execution Date first above written.

(Columbia Intrasystem Money Pool)

By:

-----

Title: