

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EASTERN STATES OIL & GAS, INC.)	
)	
)	
_____)	CASE NO. 99-374
)	
)	
ALLEGED VIOLATION OF COMMISSION)	
REGULATION 807 KAR 5:022)	

O R D E R

Eastern States Oil & Gas, Inc. ("Eastern States") is a natural gas pipeline company that operates a gathering system in eastern Kentucky and supplies natural gas to customers pursuant to KRS 278.485.

On September 17, 1999, the Commission directed Eastern States to appear before it and show cause why it should not be penalized, pursuant to KRS 278.992(1), for its alleged violation of Commission Regulation 807 KAR 5:022. Following the commencement of this proceeding, Eastern States and Commission Staff entered into negotiations to resolve all outstanding issues in this proceeding. On December 20, 1999, they executed a Settlement Agreement, appended hereto, and jointly moved for Commission approval of that Agreement.

In reviewing the Settlement Agreement, the Commission has considered, *inter alia*, the circumstances surrounding the July 2, 1999 incident; Eastern States' efforts to comply with the Commission's safety regulations; its agreement to patrol annually; and

its willingness to improve and enhance its existing safety programs and operations. The Commission finds that the Settlement Agreement is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.

2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.

3. Within 10 days of the date of this Order, Eastern States shall pay to the Commonwealth of Kentucky the sum of One Thousand Dollars (\$1,000). This payment shall be in the form of a cashier's check made payable to "Kentucky State Treasurer" and shall be mailed or delivered to the Office of General Counsel, Public Service Commission of Kentucky, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

4. This case is closed and removed from the Commission's docket.

Done at Frankfort, Kentucky, this 28th day of January, 2000.

By the Commission

ATTEST:

Executive Director