

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

K-PETROLEUM, INC. AND)
JAM KHORRAMI, AS OFFICER)
AND DIRECTOR)
_____)

CASE NO. 2002-00302

ALLEGED VIOLATIONS OF)
KRS 278.992, TO-WIT:)
49 C.F.R. PART 192.465(a);)
49 C.F.R. PART 192.603;)
49 C.F.R. PART 192.614(c)(2);)
49 C.F.R. PART 192.616;)
49 C.F.R. PART 192.723;)
49 C.F.R. PART 192.747; AND)
49 C.F.R. PART 192.805)

O R D E R

On October 29, 2002, a show cause Order was issued against K-Petroleum, Inc. and Jam Khorrami (jointly KPI) alleging that KPI had violated seven provisions of the federal natural gas pipeline safety laws as listed in the caption above. (49 U.S.C. § 60101, *et seq.*, codified as 49 C.F.R. 190.1 through 192.809). At an informal conference on December 11, 2002, KPI admitted committing the violations, advised that remedial action began immediately upon receipt of the Commission's initial Order, and sought the advice and direction of Commission Staff relating to additional remedial action.

Subsequently, KPI made an offer of settlement in writing, in which KPI admitted all violations, agreed to accept a civil penalty of \$2,500 for each violation, and agreed to

bring the subject of each violation into compliance with pipeline safety laws and regulations within 90 days. KPI offered to pay \$2,000 in civil penalties immediately.

The Commission finds that KPI, by its actions and offer of settlement, has taken the violations herein seriously and has taken immediate action to accept responsibility and to resolve its problems. The Commission finds that, under these circumstances, the offer of settlement should be accepted.

The Commission, being otherwise sufficiently advised, HEREBY ORDERS that:

1. The offer of settlement by KPI is accepted, adopted, and approved.
2. KPI shall have 90 days from the date of this Order to complete compliance with the federal pipeline safety laws and regulations herein violated.
3. Within 10 days after the date of this Order, KPI shall pay to the Commonwealth of Kentucky Two Thousand Dollars (\$2,000). 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, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.
4. The payment of the balance of civil penalties herein shall be suspended for a period of 90 days after the date of this Order, pending full compliance as agreed and ordered herein. If KPI fully complies, the balance of civil penalties shall be discharged as if fully paid.
5. If KPI cannot comply as ordered, KPI shall bear the burden of notifying the Commission in writing and requesting whatever relief it deems appropriate. The Commission shall make the final decision as to the relief to be granted, if any.

Done at Frankfort, Kentucky, this 4th day of February, 2003.

By the Commission

ATTEST:


Executive Director