



December 20, 2010

Mr. Honesto Gatchalian
California Public Utilities Commission
Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, CA 94102

Re: Substitute Sheets – 3171-G, *Establish Gas Preliminary Statement CH, Natural Gas Transmission Pipeline Safety and Reliability Memorandum Account*

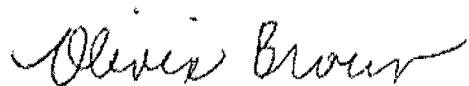
Dear Mr. Gatchalian:

Enclosed are an original and 4 copies of substitute sheets for Advice 3171-G, *Establish Gas Preliminary Statement CH, Natural Gas Transmission Pipeline Safety and Reliability Memorandum Account*.

PG&E submits these substitute sheets to make the following non-substantive changes to the language of Gas Preliminary Statement CH:

- Sheet 1:
 - Add a period at the end of the first paragraph of section a.
- Sheet 2:
 - Renumber the subaccount entries in the Automated Shut-off Valves Memorandum Sub Accounts from iv-vi to i-iii;
 - Rename the Pipeline Modernization Memorandum Subaccount (PIIRMS) under section c. to Pipeline In-line Inspection and Retrofit Memorandum Subaccount (PIIRMS) and renumber the subaccount entries from vii.i-viii.i to i-ii.
- Sheet 3:
 - Rename the Pipeline In-line Inspection and Retrofit Memorandum Subaccount (PIIRMS) in section d. to Emergency Response and Public Safety Memorandum Subaccount (ERPSMS) and renumber the sub account entries from ix-x to i-ii;
 - Rename the Emergency Response and Public Safety Memorandum Subaccount (ERPSMS) in section e. to New Governmental and Regulatory Requirements Memorandum Subaccount (NGRRMS) and renumber the subaccount entries from xi.i-xii.ii to i-ii.

Please telephone me at (415) 973-9312 should you have any questions regarding these substitute sheets.

A handwritten signature in cursive script that reads "Olivia Brown".

Olivia Brown
Operations Proceedings

Attachments

cc: Eugene Cadenasso, Energy Division



**NATURAL GAS TRANSMISSION PIPELINE SAFETY AND
 RELIABILITY MEMORANDUM ACCOUNT**

Sheet 1 (N)

CH. NATURAL GAS TRANSMISSION PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT(NGTPSRMA) (N)

1. PURPOSE: The purpose of the Natural Gas Transmission Pipeline Safety Memorandum Account (NGTPSMA-G) is to record costs associated with 1) programs to implement new governmental and regulatory mandates and requirements applicable to natural gas transmission pipeline safety and 2) new or enhanced PG&E transmission pipeline safety programs. This memorandum account shall only track costs associated with new or expanded natural gas pipeline safety programs and requirements. It does not authorize or address future recovery of these costs in customer rates. Issues surrounding cost recovery will be addressed in a future Commission proceeding or in conjunction with a future PG&E application. PG&E shall seek recovery of costs tracked in the NGTPSMA in its natural gas transmission rates only to the extent that it is authorized to do so by the Commission consistent with its obligations under Section 12 ("Rate Certainty and Adjustments During Term of Settlement") of the Gas Accord V Settlement Agreement (CPUC Application 09-09-013). (N)
2. APPLICABILITY: The NGTPSMA-G shall apply to all gas customers except for those specifically excluded by the Commission.
3. REVISION DATE: Disposition of the balance in the account shall be determined by the Commission in a future proceeding or pursuant to a future PG&E application.
4. RATES: The NGTPSMA-G does not have a separate rate component.
5. ACCOUNTING PROCEDURE: The NGTPSMA-G consists of the following five subaccounts:

a. Pipeline Modernization Memorandum Subaccount (PMMS)

The "Pipeline Modernization Memorandum Subaccount" purpose is to track the costs associated with developing and implementing new criteria for pipeline replacements and modernization and will include the tracking of costs associated with enhanced record systems for verification of pipeline and valve data.

The following entries will be made to this subaccount each month or as applicable:

- i. A debit entry equal to costs associated with the developing and implementing new criteria for pipeline replacements and modernization.
- ii. A debit entry equal to the costs associated with enhanced record systems for verification of pipeline and valve data.
- iii. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)

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 Vice President
 Regulation and Rates

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**NATURAL GAS TRANSMISSION PIPELINE SAFETY AND
 RELIABILITY MEMORANDUM ACCOUNT**

Sheet 2 (N)

CH. NATURAL GAS TRANSMISSION PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT (NGTPSRMA) (Cont'd.)

(N)
 (N)

5. ACCOUNTING PROCEDURE: (Cont'd.)

(N)

b. Automated Shut-off Valves Memorandum Subaccount (ASVMS)

The "Automated Shut-off Valves Memorandum Subaccount" purpose is to track the costs associated with the use of automatic or remotely operated shut-off valves and associated SCADA on segments of its gas transmission pipelines, including the 2011 automated valve pilot project.

The following entries will be made to this subaccount each month or as applicable:

iv.i. A debit entry equal to costs associated with the use of automatic or remotely operated shut-off valves and associated SCADA on segments of its gas transmission pipelines.

v.ii. A debit entry equal to the cost for the 2011 automated valve pilot project.

vi.iii. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

c. ~~Pipeline Modernization Memorandum Subaccount (PMMS)~~ Pipeline In-line Inspection and Retrofit Memorandum Subaccount (PIIRMS)

The "Pipeline In-line Inspection and Retrofit Memorandum Subaccount" purpose is to track the costs associated with developing and implementing new standards and procedures for pipeline inspections, including pipeline retrofits necessary to facilitate "pigging" of transmission pipelines.

The following entries will be made to this subaccount each month or as applicable:

vii.i. A debit entry equal to costs associated with the developing and implementing new standards and procedures for pipeline inspections, including, but not limited to, pipeline retrofits.

viii.ii. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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**NATURAL GAS TRANSMISSION PIPELINE SAFETY AND
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Sheet 3 (N)

CH. NATURAL GAS TRANSMISSION PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT (N)
 (NGTPSRMA) (Cont'd.) (N)

5. ACCOUNTING PROCEDURE: (Cont'd.) (N)

~~d. Pipeline In-line Inspection and Retrofit Memorandum Subaccount (PIIRMS)~~ Emergency Response and Public Safety Memorandum Subaccount (ERPSMS)

The "Emergency Response and Public Safety Memorandum Subaccount" purpose is to track the costs associated with enhancing public safety programs and emergency response plans, including providing detailed information on pipeline locations to local communities, enhancing emergency response training and increasing education programs to reduce third-party dig-ins.

The following entries will be made to this subaccount each month or as applicable:

~~ix.i.~~ A debit entry equal to costs associated with enhancing public safety programs and emergency response plans.

~~x.ii.~~ A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

e. ~~Emergency Response and Public Safety Memorandum Subaccount (ERPSMS)~~ New Governmental and Regulatory Requirements Memorandum Subaccount (NGRRMS)

The "New Governmental and Regulatory Requirements Memorandum Subaccount" purpose is to track the costs associated with programs to implement new governmental and regulatory mandates and requirements applicable to natural gas transmission pipeline safety not captured in subaccounts a-d.

The following entries will be made to this subaccount each month or as applicable:

~~xi.i.~~ A debit entry equal to any costs associated with programs to implement new governmental and regulatory mandates and requirements applicable to natural gas transmission pipeline safety not captured in subaccounts a-d.

~~xii.ii.~~ A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. (N)

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**NATURAL GAS TRANSMISSION PIPELINE SAFETY AND
 RELIABILITY MEMORANDUM ACCOUNT**

Sheet 1 (N)

CH. NATURAL GAS TRANSMISSION PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT(NGTPSRMA) (N)

1. PURPOSE: The purpose of the Natural Gas Transmission Pipeline Safety Memorandum Account (NGTPSMA-G) is to record costs associated with 1) programs to implement new governmental and regulatory mandates and requirements applicable to natural gas transmission pipeline safety and 2) new or enhanced PG&E transmission pipeline safety programs. This memorandum account shall only track costs associated with new or expanded natural gas pipeline safety programs and requirements. It does not authorize or address future recovery of these costs in customer rates. Issues surrounding cost recovery will be addressed in a future Commission proceeding or in conjunction with a future PG&E application. PG&E shall seek recovery of costs tracked in the NGTPSMA in its natural gas transmission rates only to the extent that it is authorized to do so by the Commission consistent with its obligations under Section 12 ("Rate Certainty and Adjustments During Term of Settlement") of the Gas Accord V Settlement Agreement (CPUC Application 09-09-013). (N)
2. APPLICABILITY: The NGTPSMA-G shall apply to all gas customers except for those specifically excluded by the Commission.
3. REVISION DATE: Disposition of the balance in the account shall be determined by the Commission in a future proceeding or pursuant to a future PG&E application.
4. RATES: The NGTPSMA-G does not have a separate rate component.
5. ACCOUNTING PROCEDURE: The NGTPSMA-G consists of the following five subaccounts:

a. Pipeline Modernization Memorandum Subaccount (PMMS)

The "Pipeline Modernization Memorandum Subaccount" purpose is to track the costs associated with developing and implementing new criteria for pipeline replacements and modernization and will include the tracking of costs associated with enhanced record systems for verification of pipeline and valve data.

The following entries will be made to this subaccount each month or as applicable:

- i. A debit entry equal to costs associated with the developing and implementing new criteria for pipeline replacements and modernization.
- ii. A debit entry equal to the costs associated with enhanced record systems for verification of pipeline and valve data.
- iii. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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**NATURAL GAS TRANSMISSION PIPELINE SAFETY AND
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Sheet 2 (N)

CH. NATURAL GAS TRANSMISSION PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT (NGTPSRMA) (Cont'd.) (N)

5. ACCOUNTING PROCEDURE: (Cont'd.) (N)

b. Automated Shut-off Valves Memorandum Subaccount (ASVMS)

The "Automated Shut-off Valves Memorandum Subaccount" purpose is to track the costs associated with the use of automatic or remotely operated shut-off valves and associated SCADA on segments of its gas transmission pipelines, including the 2011 automated valve pilot project.

The following entries will be made to this subaccount each month or as applicable:

- i. A debit entry equal to costs associated with the use of automatic or remotely operated shut-off valves and associated SCADA on segments of its gas transmission pipelines.
- ii. A debit entry equal to the cost for the 2011 automated valve pilot project.
- iii. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

c. Pipeline In-line Inspection and Retrofit Memorandum Subaccount (PIIRMS)

The "Pipeline In-line Inspection and Retrofit Memorandum Subaccount" purpose is to track the costs associated with developing and implementing new standards and procedures for pipeline inspections, including pipeline retrofits necessary to facilitate "pigging" of transmission pipelines.

The following entries will be made to this subaccount each month or as applicable:

- i. A debit entry equal to costs associated with the developing and implementing new standards and procedures for pipeline inspections, including, but not limited to, pipeline retrofits.
- ii. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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CH. NATURAL GAS TRANSMISSION PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT (NGTPSRMA) (Cont'd.)

(N)
 (N)

5. ACCOUNTING PROCEDURE: (Cont'd.)

(N)

d. Emergency Response and Public Safety Memorandum Subaccount (ERPSMS)

The "Emergency Response and Public Safety Memorandum Subaccount" purpose is to track the costs associated with enhancing public safety programs and emergency response plans, including providing detailed information on pipeline locations to local communities, enhancing emergency response training and increasing education programs to reduce third-party dig-ins.

The following entries will be made to this subaccount each month or as applicable:

- i. A debit entry equal to costs associated with enhancing public safety programs and emergency response plans.
- ii. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

e. New Governmental and Regulatory Requirements Memorandum Subaccount (NGRRMS)

The "New Governmental and Regulatory Requirements Memorandum Subaccount" purpose is to track the costs associated with programs to implement new governmental and regulatory mandates and requirements applicable to natural gas transmission pipeline safety not captured in subaccounts a-d.

The following entries will be made to this subaccount each month or as applicable:

- i. A debit entry equal to any costs associated with programs to implement new governmental and regulatory mandates and requirements applicable to natural gas transmission pipeline safety not captured in subaccounts a-d.
- ii. A debit or credit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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