

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the
Commission's Own Motion to Adopt New
Safety and Reliability Regulations for Natural
Gas Transmission and Distribution Pipelines
and Related Ratemaking Mechanisms

R.11-02-019
(Filed February 24, 2011)

(U 39 G)

STIPULATION RE ORDER TO SHOW CAUSE

Pacific Gas and Electric Company ("PG&E") stipulates as follows with respect to the Order to Show Cause ("OSC") issued by the Commission on March 24, 2011:

1. In order to protect public safety and expedite PG&E's compliance with the National Transportation Safety Board's urgent safety recommendations as required by Commission Resolution L-410, PG&E and Commission Staff developed a Compliance Plan appended hereto as Attachment A. The Compliance Plan, among other requirements, establishes milestones for completion of certain activities. This stipulation is presented as a resolution of the OSC.

2. PG&E shall carry out the Compliance Plan.

3. PG&E agrees to pay a penalty of \$6 million, as follows:

a) \$3 million will be paid to the State General Fund within ten (10) days of the Commission's approval of this stipulation without modification.

b) Payment of the remaining \$3 million will be suspended pending PG&E's completion of the Compliance Plan. Upon any unexcused failure of PG&E to meet a milestone set forth in the Compliance Plan, PG&E will pay such portion of the remaining \$3 million as the Commission may find to be appropriate to the State General Fund within ten (10) days of the Commission decision finding such unexcused failure. If PG&E successfully meets the milestones set forth in the Compliance Plan, the remaining \$3 million shall be forgiven.

c) The penalty specified above does not limit the Commission's authority to impose additional penalties for any other failure by PG&E to perform its obligations pursuant to the Compliance Plan and Commission Resolution L-410..

4. Upon Commission approval of this Stipulation, the OSC proceeding shall be closed.

Respectfully submitted,

THE CALIFORNIA PUBLIC UTILITIES COMMISSION	PACIFIC GAS AND ELECTRIC COMPANY
By _____ [Name/Title]	By _____ [Name/Title]

Dated: March __, 2011