

**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") and the Staff of the California Public Utilities Commission ("Commission") stipulate as follows with respect to the Order to Show Cause ("OSC") issued by the Commission on March 24, 2011:

1. This stipulation represents a resolution of the OSC and does not constitute an admission of any fact alleged in the OSC or of any non-compliance or other violation of any order, rule, regulation or law by PG&E.

2. PG&E and the Staff agree that PG&E shall carry out the Compliance Plan appended hereto as Attachment A ("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 change.

b) Payment of the remaining \$3 million will be suspended pending PG&E's completion of the Compliance Plan. If PG&E successfully completes the Compliance Plan, the \$3 million shall be forgiven. 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.

4. The OSC shall be closed.

Respectfully submitted,

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

Dated: March \_\_, 2011