



J. Steve Rahon
Director
Tariffs & Regulatory Accounts

8315 Century Park Ct.
San Diego, CA 92123-1550
Tel: 858.654.1773
Fax 858.654.1788
srahon@SempraUtilities.com

December 15, 2005

Advice No. 3565
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Request for Service Deviation from Tariff Rule No. 30, Section B.5,
Transportation of Customer-Owned Gas, for Innovene Polypropylene LLC
at the BP Carson Refinery Site**

Southern California Gas Company ("SoCalGas") hereby submits for filing with the California Public Utilities Commission ("Commission") a request for authorization under Tariff Rule No. 30, Section B.5, Transportation of Customer-Owned Gas, in order for BP West Coast Products LLC ("BP") to resell and deliver small quantities of customer-owned natural gas to Innovene Polypropylene LLC ("Innovene") at the BP Carson refinery site. This request is similar to one approved by the Commission in Advice No. 3373, dated April 21, 2004, which was submitted by SoCalGas on behalf of Chevron and Air Liquide.

Background

SoCalGas has received a request from BP seeking authorization to resell to Innovene gas delivered by SoCalGas to BP's Carson Refinery ("Refinery") and deliver that gas through its internal gas delivery system to the Innovene polypropylene plant, which is located on Refinery property. The Innovene plant has been an integral part of Refinery operations since 1999, as explained in the attached letter from BP. While Innovene, like BP, today is currently wholly owned by BP America, Inc.; effective December 16, 2005, the plant will be sold to an unaffiliated owner, Ineos US Intermediate Holding Company LLC ("Ineos").

Currently, an internal natural gas pipeline connected to the SoCalGas meter serving the Refinery supplies gas to all of the Refinery operations. The Innovene plant has no separate interconnection or meter with SoCalGas. In order for SoCalGas to directly serve the polypropylene plant, a new service and metering facilities would need to be installed. Construction of these new facilities, as well as the provision of separate service to these integrated facilities, would have consequences for Refinery production, as discussed in the attached letter from BP.

BP would prefer to avoid disruption of Refinery production and the expense and inefficiency of constructing duplicate service facilities. Instead, BP would prefer simply to continue providing natural gas to Innovene. BP is concerned, however, that with the sale of Innovene to a third-party, SoCalGas Tariff Rule No. 30, Transportation of Customer-Owned Gas, may prevent BP from reselling and delivering transported gas to a third party without Commission authorization. According to Rule No. 30, Section B.5, "Gas shall be transported hereunder for use only by the customer

within the state of California, and not for delivery or resale to a third party unless authorized by the Commission". SoCalGas is filing this advice letter on behalf of BP requesting the Commission approve a service deviation from Rule No. 30 to allow BP to resell and deliver transported gas to Innovene. Approval of this filing is specific to this situation and will not affect any other SoCalGas customer.

Information

The following attachments are herein incorporated as part of this filing. For competitive reasons, the attachments are being supplied to the Commission staff only. SoCalGas requests the attachments remain confidential under the provisions of General Order No. 66-C and Public Utilities Code Section 583.

Attachment B – BP Letter to SoCalGas

An attached letter from BP to SoCalGas explains the reasons for the proposed service deviation and requests SoCalGas to file for authorization under Tariff Rule No. 30. BP submits that requiring separate service to Innovene for small volumes would not be cost effective and would have detrimental implications for Refinery operation. Importantly, BP commits that the charges to Innovene for transportation of natural gas by SoCalGas will at all times equal the charges imposed by SoCalGas on BP for the Innovene portion of BP's service. In addition to BP's commitment to hold SoCalGas' ratepayers economically neutral compared to direct service to Innovene, avoiding the cost of new interconnection facilities will be a positive benefit to ratepayers.

Attachment C – Ineos Letter to the Commission

This letter from Ineos to the Commission acknowledges Ineos's understanding of the requirement for and the impact of a deviation from Tariff Rule No. 30, Section B.5, on its prospective operation of Innovene. As explained in the letter, the impact from this authorization will be insignificant, particularly since it maintains the operational status quo. Although Innovene and Ineos will be foregoing the CPUC's regulatory protection it would otherwise have if it were a direct transportation customer of SoCalGas, BP has assured Ineos that it will resell the gas and deliver it to Innovene without imposing any additional costs or mark up. In addition, Ineos is confident that dispute resolution procedures provided in the Utility Framework Interface Agreement between Innovene Polypropylene Company and BP West Coast Products LLC are sufficient to address any conflict that could arise between BP and Innovene.

Deviation Request

BP has agreed to amend its Gas Transportation Service Agreement to add provisions to ensure SoCalGas is not economically disadvantaged by BP delivering gas to Innovene in comparison with Innovene being a direct SoCalGas customer. Accordingly, SoCalGas respectfully requests that the Commission authorize a deviation from Tariff Rule No. 30, Section B.5, in order for BP to resell and deliver small quantities of customer-owned natural gas to Innovene at the Refinery, under the following conditions:

- (a) SoCalGas will add a Special Condition to BP's current Master Services Contract Schedule A, Intrastate Transmission Service, ("Schedule A") and all subsequent Schedule A contracts for the Refinery, providing for charging BP an additional Transmission customer charge each month, and charging BP Transmission Tier 1 rates each month for the therms that BP is contractually committed to deliver to Innovene, as if there were two separate customers.

- (b) SoCalGas will maintain this Special Condition in BP's Schedule A contracts for the Refinery until such time as the Innovene plant directly connects to SoCalGas, shuts down permanently, or is re-acquired by BP and again made part of a single enterprise with the Refinery.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (jjr@cpuc.ca.gov) and to Honesto Gatchalian (jni@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-Mail: snewsom@semprautilities.com

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and therefore respectfully requests that this advice letter become effective February 1, 2006, which is more than thirty (30) calendar days after the date filed; or on the first of the month following Commission approval.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY/ U 904 G**

Utility type: <input type="checkbox"/> ELC <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	Contact Person: <u>Donna Shepherd</u> Phone #: <u>(213) 244-3837</u> E-mail: <u>dmshepherd@semprautilities.com</u>
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EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Filed/ Received Stamp by CPUC)
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Advice Letter (AL) #: 3565

Subject of AL: Request for Service Deviation from Tariff Rule No. 30 Section B.5, Transportation of Customer-Owned Gas for Innovene Polypropylene LLC at the BP Carson Refinery Site

Keywords (choose from CPUC listing): Agreements, Connection, Contracts, Non-Core

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: _____

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: 2/01/06 No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: _____

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: _____

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102 jjr@cpuc.ca.gov and jnj@cpuc.ca.gov	Southern California Gas Company Attention: Sid Newsom 555 West Fifth Street, ML GT14D6 Los Angeles, CA 90013-4957 snewsom@semprautilities.com
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¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3565

(See Attached Service List)

Aglet Consumer Alliance
James Weil
jweil@aglet.org

Alcantar & Kahl
Elizabeth Westby
egw@a-klaw.com

Alcantar & Kahl
Kari Harteloo
klc@a-klaw.com

BP Amoco, Reg. Affairs
Marianne Jones
501 West Lake Park Blvd.
Houston, TX 77079

Barkovich & Yap
Catherine E. Yap
ceyap@earthlink.net

Beta Consulting
John Burkholder
burkee@cts.com

CPUC
Consumer Affairs Branch
505 Van Ness Ave., #2003
San Francisco, CA 94102

CPUC
Energy Rate Design & Econ.
505 Van Ness Ave., Rm. 4002
San Francisco, CA 94102

CPUC - ORA
Galen Dunham
gsd@cpuc.ca.gov

CPUC - ORA
R. Mark Pocta
rmp@cpuc.ca.gov

CPUC - ORA
Jacqueline Greig
jnm@cpuc.ca.gov

California Energy Market
Lulu Weinzimer
luluw@newsdata.com

Calpine Corp
Avis Clark
aclark@calpine.com

City of Anaheim
Ben Nakayama
Public Utilities Dept.
P. O. Box 3222
Anaheim, CA 92803

City of Azusa
Light & Power Dept.
215 E. Foothill Blvd.
Azusa, CA 91702

City of Banning
Paul Toor
P. O. Box 998
Banning, CA 92220

City of Burbank
Fred Fletcher/Ronald Davis
164 West Magnolia Blvd., Box 631
Burbank, CA 91503-0631

City of Colton
Thomas K. Clarke
650 N. La Cadena Drive
Colton, CA 92324

City of Long Beach, Gas Dept.
Chris Garner
2400 East Spring Street
Long Beach, CA 90806-2385

City of Los Angeles
City Attorney
200 North Main Street, 800
Los Angeles, CA 90012

City of Pasadena - Water and Power
Dept.
Robert Sherick
rsherick@cityofpasadena.net

City of Riverside
Joanne Snowden
jsnowden@riversideca.gov

City of Vernon
Daniel Garcia
dgarcia@ci.vernon.ca.us

Commerce Energy
Gary Morrow
GMorrow@commerceenergy.com

Commerce Energy
Glenn Kinser
gkinser@commerceenergy.com

Commerce Energy
Lynelle Lund
llund@commerceenergy.com

Commerce Energy
Rommel Aganon
RAganon@commerceenergy.com

Commerce Energy
Tony Cusati
TCusati@commerceenergy.com

Commerce Energy
Pat Darish
pdarish@commerceenergy.com

County of Los Angeles
Stephen Crouch
1100 N. Eastern Ave., Room 300
Los Angeles, CA 90063

Crossborder Energy
Tom Beach
tomb@crossborderenergy.com

Davis Wright Tremaine, LLP
Christopher Hilen
chrishilen@dwt.com

Davis Wright Tremaine, LLP
Edward W. O'Neill
One Embarcadero Center, #600
San Francisco, CA 94111-3834

Davis, Wright, Tremaine
Judy Pau
judypau@dwt.com

Dept. of General Services
Celia Torres
celia.torres@dgs.ca.gov

Douglass & Liddell
Dan Douglass
douglass@energyattorney.com

Douglass & Liddell
Donald C. Liddell
liddell@energyattorney.com

Downey, Brand, Seymour & Rohwer
Ann Trowbridge
atrowbridge@downeybrand.com

Downey, Brand, Seymour & Rohwer
Dan Carroll
dcarroll@downeybrand.com

Duke Energy North America
Melanie Gillette
mlgillette@duke-energy.com

Dynegy
Joseph M. Paul
jmpa@dynegy.com

Gas Purchasing
BC Gas Utility Ltd.
16705 Fraser Highway
Surrey, British Columbia, V3S 2X7

General Services Administration
Facilities Management (9PM-FT)
450 Golden Gate Ave.
San Francisco, CA 94102-3611

Goodin, MacBride, Squeri, Ritchie &
Day, LLP
J. H. Patrick
hpatrick@gmssr.com

Goodin, MacBride, Squeri, Ritchie &
Day, LLP
James D. Squeri
jsqueri@gmssr.com

Hanna & Morton
Norman A. Pedersen, Esq.
npedersen@hanmor.com

Imperial Irrigation District
K. S. Noller
P. O. Box 937
Imperial, CA 92251

JBS Energy
Jeff Nahigian
jeff@jbsenergy.com

Jeffer, Mangels, Butler & Marmaro
2 Embarcadero Center, 5th Floor
San Francisco, CA 94111

Kern River Gas Transmission Company
Janie Nielsen
Janie.Nielsen@KernRiverGas.com

LADWP
Nevenka Ubavich
nevenka.ubavich@ladwp.com

LADWP
Randy Howard
P. O. Box 51111, Rm. 956
Los Angeles, CA 90051-0100

Law Offices of Diane I. Fellman
Diane Fellman
diane_fellman@fpl.com

Law Offices of William H. Booth
William Booth
wbooth@booth-law.com

Luce, Forward, Hamilton & Scripps
John Leslie
jleslie@luce.com

MRW & Associates
Robert Weisenmiller
mrw@mrwassoc.com

Manatt Phelps Phillips
Margaret Snow
Msnow@manatt.com

Manatt Phelps Phillips
Randy Keen
rkeen@manatt.com

Manatt, Phelps & Phillips, LLP
David Huard
dhuard@manatt.com

March Joint Powers Authority
Lori Stone
PO Box 7480,
Moreno Valley, CA 92552

Matthew Brady & Associates
Matthew Brady
matt@bradylawus.com

National Utility Service, Inc.
Jim Boyle
One Maynard Drive, P. O. Box 712
Park Ridge, NJ 07656-0712

Pacific Gas & Electric Co.
John Clarke
jpc2@pge.com

Praxair Inc
Rick Noger
rick_noger@praxair.com

Questar Southern Trails
Lenard Wright
Lenard.Wright@Questar.com

R. W. Beck, Inc.
Catherine Elder
celder@rwbeck.com

Regulatory & Cogen Services, Inc.
Donald W. Schoenbeck
900 Washington Street, #780
Vancouver, WA 98660

Richard Hairston & Co.
Richard Hairston
hairstonco@aol.com

Southern California Edison Co
Fileroom Supervisor
2244 Walnut Grove Ave., Rm 290, GO1
Rosemead, CA 91770

Southern California Edison Co
Karyn Gansecki
601 Van Ness Ave., #2040
San Francisco, CA 94102

Southern California Edison Co.
Colin E. Cushnie
Colin.Cushnie@SCE.com

Southern California Edison Co.
Kevin Cini
Kevin.Cini@SCE.com

Southern California Edison Co.
John Quinlan
john.quinlan@sce.com

Southern California Edison Company
Michael Alexander
Michael.Alexander@sce.com

Southwest Gas Corp.
John Hester
P. O. Box 98510
Las Vegas, NV 89193-8510

Suburban Water System
Bob Kelly
1211 E. Center Court Drive
Covina, CA 91724

Sutherland, Asbill & Brennan
Keith McCrea
kmccrea@sablaw.com

TURN
Marcel Hawiger
marcel@turn.org

TURN
Mike Florio
mflorio@turn.org

The Mehle Law Firm PLLC
Colette B. Mehle
cmehle@mehlelaw.com

Trans Canada
Ben Johnson
Ben_Johnson@transcanada.com

Trans Canada
John Roscher
john_roscher@transcanada.com

Western Manufactured Housing
Communities Assoc.
Sheila Day
sheila@wma.org

ATTACHMENT B

Advice No. 3565

BP LETTER TO SOCALGAS

CONFIDENTIAL

**SUBMITTED UNDER THE PROVISIONS OF
GENERAL ORDER NO. 66-C AND
SECTION 583 OF THE PUBLIC UTILITIES CODE**

ATTACHMENT C

Advice No. 3565

INEOS LETTER TO THE COMMISSION

CONFIDENTIAL

SUBMITTED UNDER THE PROVISIONS OF

GENERAL ORDER NO. 66-C AND

SECTION 583 OF THE PUBLIC UTILITIES CODE