



**SFPP, L.P.**  
Operating Partnership

August 25, 2006

To SFPP California Intrastate Customers and Interested Parties:

This will serve as notice that SFPP, L.P. ("SFPP") has withdrawn its advice letter Number 21 on August 21, 2006. This advice letter was filed on August 3, 2006 and concerned SFPP's Ultra Low Sulfur Diesel surcharge.

This is also to notify you that SFPP has submitted an application with the California Public Utilities Commission ("CPUC") under section 455.3 of the Public Utilities Code requesting the following:

1. The Amorcio line requirement for diesel movements between Benicia and Richmond will be 25,000 bbl minimum batch size, preceded and followed by 5,000 bbl minimum batches of dissimilar product all of which is delivered to a single destination.
2. The Watson Volume/Pressure Deficiency Charge ("Watson VRU") of 3.5 cents per barrel is decreased to 0.3 cents per bbl. Other CPUC tariffs will be increased accordingly leaving SFPP overall revenue neutral.
3. SFPP is implementing an Ultra Low Sulfur Diesel Recovery ("ULSD") Charge of 0.89 cents per bbl. charged only to diesel volumes.
4. Certain wording changes clarifying SFPP tariffs.

It is important for Shippers to note that, consistent with FERC tariffs, both the Watson VRU charge and the Sepulveda charge will be **charged to the Shipper** rather than the Supplier. You can expect this to begin with your first invoice following the effective date of the tariffs.

The requested increase resulting from the ULSD Surcharge of approximately \$485 thousand represents an increase of 0.43% over revenues based on existing tariff rates. Overall, increased SFPP revenue during the preceding 12 months total less than 10%. Individual tariff rates for SFPP rates also total less than 10%. SFPP's existing as well as proposed rates covered in this application are set forth in Attachment A hereto. Under Section 455.3, this increase will become effective thirty days after official notice by the CPUC unless suspended by the CPUC.

These changes are in conformance with a settlement agreement with certain SFPP shippers dated June 12<sup>th</sup> and will make SFPP's interstate and intrastate tariffs more compatible.

Any inquiries related to the proposed rate increase may be directed to:

California Public Utilities Commission  
Energy Branch  
505 Van Ness Avenue  
San Francisco, CA 94102

A copy of the CPUC Application will be posted on the Kinder Morgan website in the SFPP tariffs section. If you need further details regarding the application, please contact the undersigned by e-mail at the following address: [Ditop@kindermorgan.com](mailto:Ditop@kindermorgan.com)

A handwritten signature in black ink, appearing to read 'Peter M. Dito', with a long horizontal line extending to the right.

Peter M. Dito  
Director  
Economics & Regulatory Analysis

CC: Maurice Monson (CPUC)  
with list of recipients