

CONTENTS

I.	Introduction.....	1
II.	Legal Standards and Governing Principles	2
	B. Fair, Just, Reasonable, and Sufficient Rates	2
III.	Status and Company Books and Records.....	5
IV.	Ratemaking Methodology.....	5
	A. Investor Expectations.....	7
	B. FERC Methodology	9
	C. DOC Methodology	11
VIII.	Capital Structure	11
	B. Hypothetical Capital Structure	11
	2. Use of Parents' Capital Structure (Excluding FERC Rationale).....	11
VII.	Rate Base.....	13
	D. Bayview Terminal.....	13
	H. Other.....	17
IX.	Rate of Return	21
	A. Cost of Debt.....	21
	B. Return on Equity	21
	C. Overall Cost of Capital	24
X.	Revenues	25
	B. Throughput.....	26
XIV.	Conclusion.....	28