

NATHAN G. HUNTWORK
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November 1, 2019

35120-0003

VIA E-MAIL

Mr. Larry McNutt, Jr.
Administrator
Louisiana Pilotage Fee Commission
Two United Plaza, Suite 702
Baton Rouge, LA 70809

Re: Louisiana Pilotage Fee Commission Docket No. P07-001, CRPPA
In Re: Request for Tariff Redesign and for Increase in Allowed Expenses Pursuant
to La. R.S. 34:1122 and for Related Relief

Dear Mr. McNutt,

Enclosed please find the original pre-filed direct testimony of Captain E. Michael Bopp and Mr. Mark Nelson, CPA, President and Chief Financial Officer, respectively, of the Crescent River Port Pilots' Association ("CRPPA") regarding CRPPA's submission of projected expenses for the year 2020. This is an information and compliance filing only in connection with the implementation of the true-up mechanism adopted by the Commission in Order No. P07-001. No action is required or requested by this filing.

Sincerely,



Nathan G. Huntwork

cc: Captain E. Michael Bopp
Mr. Mark Nelson
Mr. Walt Green – Phelps Dunbar LLP

NGH:CB:

**BEFORE THE
LOUISIANA PILOTAGE FEE COMMISSION**

**RIVER PORT PILOTS FOR THE PORT OF NEW ORLEANS, DULY ORGANIZED
AS THE CRESCENT RIVER PORT PILOTS' ASSOCIATION, EX PARTE**

**DOCKET NO. P07-001
CRPPA**

*In Re: Request for Tariff Redesign and for Increase in Allowed Expenses Pursuant to La.
R.S. 34:1122 and for Related Relief*

PRE-FILED DIRECT TESTIMONY

OF

CAPTAIN E. MICHAEL BOPP

ON BEHALF OF

RIVER PORT PILOTS FOR THE PORT OF NEW ORLEANS,
DULY ORGANIZED AS THE CRESCENT RIVER PORT PILOTS' ASSOCIATION

November 1, 2019

1. Q. Please state your name and business address.

A. Captain E. Michael Bopp, 8712 Highway 23, Belle Chasse, Louisiana 70037.

2. Q. Whom do you represent and in what capacity?

A. I represent the River Port Pilots for the Port of New Orleans, duly organized pursuant to La. R.S. §§ 34:992 and 34:995 as the Crescent River Port Pilots' Association, a Louisiana non-profit corporation taxed as a partnership (hereafter "CRPPA" or the "Association"). I have been an active pilot and partner in the Association since 1997. I served as Chairman of the CRPPA Political Action Committee from 2000 to 2016. I served on the CRPPA Board of Directors from 2002 to 2006, again from 2010 to 2012, and from 2014 to 2016. In 2012, I also served as Vice President of the Association, and since December 2016, have held the position of President of the Association. As President, I oversee all operations of our Association, which currently has 120 pilot partners. However, with seven (7) apprentice pilots in training and scheduled to be commissioned July 1, 2019, the pilot complement will increase to 124, after consideration of three (3) pilot retirements effective December 31, 2019. I am also a duly appointed member of the Louisiana Pilotage Fee Commission (the "Fee Commission"), representing the interests of pilots.

3. Q. Have you ever submitted testimony to a state regulatory agency before?

A. Yes. I have provided testimony before the Louisiana Pilotage Fee Commission in Docket No. P17-002, as well as in the captioned docket and Docket Nos. P15-002 and P15-003.

4. Q. What is the purpose of your testimony in this proceeding before the Fee Commission?

A. The purpose of my testimony is to present CRPPA's projected expenses for 2020, as required by Order No. P07-001. Pursuant to Order No. P07-001, the Fee Commission approved an annual true-up mechanism, to provide for adjustment of CRPPA's projected

and actual annual expenses. The true-up methodology requires that the Association calculate and file projected expenses for the upcoming year in November of the current year, as well as the necessary adjustments of tariff rates and fees, based upon actual expense experience, as annualized, plus known and measurable future expenses.

5. Q. Who else will testify for CRPPA?

A. In addition to my testimony, Mark L. Nelson, CPA, CRPPA's Chief Financial Officer, will provide more detailed testimony regarding the Association's projected 2020 expenses and the appropriateness of those projections.

6. Q. Would you please summarize CRPPA's projected operating and administrative expenses for 2020, including annual pilot compensation?

A. CRPPA's operating and administrative expenses for 2020 totals \$70,511,346, or \$940,347 more than last year. This results in a 1.35% increase in total revenue recovery for 2020 over the required expense recovery in 2019 (\$69,570,999), after adding the under-recovery of expenses in 2018 (\$151,990), deducting the decrease in known and measurable expenses in 2020 (\$481,574), adding the increase in 2019 annualized expenses over those projected (\$1,378,511) and reversing the under-recovery of 2017 expenses (\$108,580). Projected operating and administrative expenses for 2020 total \$16,358,469, which results in an increase of \$896,937, or 5.80% over those projected in 2019 (\$15,461,531). Mr. Nelson will testify to the detailed data that supports CRPPA's 2020 projected increase in expenses.

7. Q. What was the effect of the "true-up" of 2018 expenses?

A. CRPPA projected its 2018 expenses to be \$15,159,436, and its audited expenses for 2018 totaled \$15,256,305, or \$96,869 more than projected. However, annualized expenses for 2018 were projected to be \$55,121 less than originally projected in November 2017. Thus,

an under-recovery of expenses in the amount of \$151,990 occurred in 2018. Accordingly, that amount will be added to the projected 2020 revenue requirement.

8. Q. Does this conclude your testimony?

A. Yes.

BEFORE THE
LOUISIANA PILOTAGE FEE COMMISSION

RIVER PORT PILOTS FOR THE PORT OF NEW ORLEANS, DULY ORGANIZED AS
THE CRESCENT RIVER PORT PILOTS' ASSOCIATION, EX PARTE

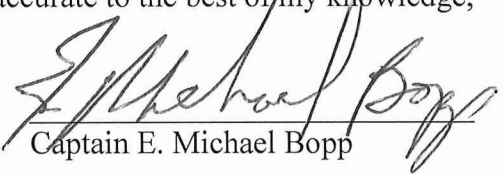
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34:1122 and for Related Relief*


AFFIDAVIT

STATE OF LOUISIANA
PARISH OF ORLEANS

I, Captain E. Michael Bopp, being first duly sworn, state that I have reviewed the above and foregoing testimony, and that the testimony is true and accurate to the best of my knowledge, information and belief.


Captain E. Michael Bopp

SWORN TO AND SUBSCRIBED before me this 30th day of October, 2019.


Nathan G. Huntwork
La. Bar Roll No. 31789
My Commission Expires at Death

NATHAN G. HUNTWORK
Notary Public
State of Louisiana
Louisiana Bar Roll # 31789
My Commission is issued for Life.

**BEFORE THE
LOUISIANA PILOTAGE FEE COMMISSION**

**RIVER PORT PILOTS FOR THE PORT OF NEW ORLEANS, DULY ORGANIZED
AS THE CRESCENT RIVER PORT PILOTS' ASSOCIATION, EX PARTE**

**DOCKET NO. P07-001
CRPPA**

*In Re: Request for Tariff Redesign and for Increase in Allowed Expenses Pursuant to La.
R.S. 34:1122 and for Related Relief*

PRE-FILED DIRECT TESTIMONY

OF

MARK L. NELSON, CPA

ON BEHALF OF

RIVER PORT PILOTS FOR THE PORT OF NEW ORLEANS,
DULY ORGANIZED AS THE CRESCENT RIVER PORT PILOTS' ASSOCIATION

November 1, 2019

1. Q. Please state your name and business address.

A. Mark L. Nelson, CPA, 8712 Highway 23, Belle Chasse, Louisiana 70037.

2. Q. Whom do you represent and in what capacity?

A. I represent the River Port Pilots for the Port of New Orleans, duly organized pursuant to La. R.S. §§ 34:992 and 34:995 as the Crescent River Port Pilots' Association, a Louisiana non-profit corporation, taxed as a partnership (hereafter "CRPPA" or the "Association"). I previously served as the Chief Operating Officer for CRPPA from 2009 through 2017. Since January 2018, I have held the position of Chief Financial Officer for CRPPA. As Chief Financial Officer, I am responsible for supervising the day-to-day administrative, financial, and accounting functions of CRPPA, including management of payables, receivables, and the financial reporting function. I am also responsible for gathering, computing, and analyzing annual and comparative financial data for revenue forecasting, ratemaking, and other purposes.

3. Q. What is your educational and professional background?

A. I earned a Bachelor of Science degree in Accounting from Louisiana Tech University. I am also a Certified Public Accountant, certified by the State of Louisiana in 1992. Prior to working for the Association, I served in various financial management positions, most recently as President/Business Manager for Wadleigh Energy Group, an offshore service company. I held that position for four years.

4. Q. Have you ever submitted testimony to a regulatory agency before?

A. Yes. I have previously submitted testimony before the Louisiana Pilotage Fee Commission (the "Commission") in connection with CRPPA rate proceedings and annual true-up and cost of living adjustment filings.

5. Q. What is the purpose of your testimony in this proceeding before the Commission?

A. The purpose of my testimony is to provide the financial information that supports CRPPA's 2020 projected expenses.

6. Q. Describe the CRPPA's projected expenses for 2020.

A. CRPPA's 2020 projected expenses are itemized in Exhibit No. MLN-1.

7. Q. Do the 2020 expense projections in Exhibit No. MLN-1 contemplate an increase or decrease when compared to 2019 expenses?

A. The calculations provided in Exhibit No. MLN-1 reflect an increase in projected expenses in 2020 of \$896,937, or 5.80%.

8. Q. What information is presented in Exhibit No. MLN-2?

A. These calculations reflect that operating and administrative expenses for 2020 will increase by the 2019 annualized expenses greater than those projected (\$1,378,511), and increase by the under-recovery of 2018 expenses (\$151,990). However, operating and administrative expenses for 2020 will decrease by the reversal of the under-recovery of 2017 expenses (\$108,580), and decrease by known and measurable 2020 expenses in the amount of \$481,571. These changes will result in a total increase of 1.35% in the overall revenue requirement under the 2020 tariff.

9. Q. What information is presented in Exhibit No. MLN-3?

A. The tariff adjustments necessary to generate the total annual revenue requirement are presented in attached Exhibit No. MLN-3.

10. Q. What are the major drivers of the increase in operating and administrative expenses? Have any expenses materially declined?

A. Though expenses in 2019 have remained relatively flat over those projected last November, CRPPA again projects a moderate increase in 2020 operating and administrative expenses. As stated above, the total projected increase in 2020 is \$896,937, approximately 5.80%. CRPPA projects cost increases in the areas of Group Hospitalization and Benefits, Pilot Station Expenses, Professional Dues, Insurance Expense, and Legal Fees and Expenses. The increase in Group Hospitalization and Benefits results from a combination of CRPPA's projection of an increase to health insurance premiums for 2020, as well as an increase in CRPPA's pilot complement, thereby increasing the number of people insured under CRPPA's policy. Pilot Station Costs will increase due to necessary air conditioning and generator repairs. The increase in Professional Dues is caused by an increase in the required dues of the American Pilots' Association, which is the national trade association of the piloting profession. CRPPA's insurance expenses are also projected to increase. CRPPA has not made any claims; however, CRPPA's insurance expenses are still projected to increase due to rising insurance premiums nationally. Lastly, CRPPA projects an increase in Legal Fees and Expenses, resulting from CRPPA's need to prepare for its upcoming rate case proceeding.

11. Q. What information is presented in Exhibit No. MLN-4?

A. Exhibit No. MLN-4 presents a comparison of the Crescent River Port Pilots' 2019 and 2020 projected expense budgets in the format approved by the Uniform Financial Reporting Committee in 2012.

12. Q. Does this conclude your testimony?

A. Yes.

Exhibit No. MLN-1

CRESCENT RIVER PORT PILOTS' ASSOCIATION

Compare 2019 Projected to 2020 Projected

RS 34:1122 Fees and Charges "Summary"

	2019	2020	% of Diff.	Diff.
1 Pilot Compensation	0.00	0.00		
2 Employee Salaries, Wages & P/R Taxes	3,110,450.81	3,166,278.93	1.79%	55,828.12
3 Pensions & Pension Plans	407,891.99	444,118.84	8.88%	36,226.85
4 Group Hospitalization & Benefits	4,871,090.79	5,055,052.31	3.78%	183,961.52
5 Pilot Stations	914,533.75	1,039,735.42	13.69%	125,201.67
6 Administrative Offices	213,228.25	233,867.03	9.68%	20,638.78
7 Vessel Expenses	486,982.69	468,768.49	-3.74%	(18,214.20)
8 Communications, Dispatch, & IT	562,182.95	607,318.09	8.03%	45,135.14
9 General & Administrative	459,783.72	450,477.71	-2.02%	(9,306.01)
10 Continuing Education & Training	481,533.33	500,000.00	3.83%	18,466.67
11 Professional Services	864,224.48	1,135,214.89	31.36%	270,990.41
12 Professional Dues	326,082.88	373,423.72	14.52%	47,340.84
13 Risk Management & Insurance	596,889.32	680,899.20	14.07%	84,009.88
14 Transportation	285,395.57	284,404.00	-0.35%	(991.57)
15 Board of Commissioners & Examiners	365,000.00	380,000.00	4.11%	15,000.00
16 Taxes & Licenses	47,015.76	47,015.76	0.00%	0.00
17 Income Taxes	0.00	0.00	0.00%	0.00
18 Rent & Lease Expense	37,092.43	35,343.15	-4.72%	(1,749.28)
19 Interest Expense	394,928.20	401,160.47	1.58%	6,232.27
20 Depreciation Expense	1,037,224.29	1,055,390.57	1.75%	18,166.28
Expense Subtotal	15,461,531.21	16,358,468.58	5.80%	896,937.37

Exhibit No. MLN-2

CRESCENT RIVER PORT PILOTS' ASSOCIATION**Calculation of Change in Revenue Requirement****1. Calculate Change in Revenue Requirement (Expenses)**

Total Estimated Revenue Requirement Per 2019 Forecast		69,570,999
Add: 2018 Expense Under-recovery (Per True-Up)		151,990
Add: 2019 Annualized Expenses greater than 2019 Projected		1,378,511
Deduct: Known and Measurable 2019 Projected Expenses		(481,574)
Deduct: Reversal of 2017 Under-recovery		(108,580)
		<hr/>
Total Expenses:	1.35%	940,347
2020 Revenue Requirement		70,511,346

Exhibit No. MLN-3

CRESCENT RIVER PORT PILOTS' ASSOCIATION
TARIFF SCHEDULE EFFECTIVE 01/01/2020

<u>CLASSIFICATION</u>	<u>5/1/19</u>	<u>1.35% Change</u>	<u>1/1/20</u>
PER DRAFT FT	70.18	0.95	71.13
MINIMUM PILOTAGE - 20 FT	1403.60		1422.60
DWT: TO 21,000	276.30	3.73	280.03
DWT: 21,000 TO 60,000 PER 1,000 DWT	33.55	0.45	34.00
DWT: OVER 60,000 PER 1,000 DWT	40.76	0.55	41.31
ZONES: UNDER 21,000 DWT/PER ZONE	81.01	1.09	82.10
ZONES: 21,000 - 60,000 DWT/PER ZONE	204.74	2.76	207.50
ZONES: OVER 60,000 DWT/PER ZONE	330.05	4.46	334.51
MINIMUM HOURLY RATE	505.70	6.83	512.53
DOCKING/UNDOCKING: UNDER 300'	200.08	2.70	202.78
DOCKING/UNDOCKING: 300'-600'	431.89	5.83	437.72
DOCKING/UNDOCKING: OVER 600'	586.34	7.92	594.26
DOCKING - HEADDOWN - ADDITIONAL	189.05	2.55	191.60
UNDOCKING - HEADDOWN - ADDITIONAL	189.05	2.55	191.60
DOCKING/UNDOCKING - STERN FIRST	189.05	2.55	191.60
SHIFTING: W/IN HARBOR	702.36	9.48	711.84
SHIFTING: BELOW MERAUX	799.86	10.80	810.66
SHIFTING: BELOW POVERTY POINT	906.78	12.24	919.02
DETENTION: 1 - 3 HRS/PER HR	261.21	3.53	264.74
DETENTION: BEYOND 3 HRS/PER HR	505.50	6.82	512.32
DISCHARGE: W/IN PORT	510.51	6.89	517.40
DISCHARGE: OUT PORT	551.20	7.44	558.64
ARRIVAL OFF BERTH/MORE THAN 20 MIN	261.21	3.53	264.74
ARRIVAL OFF BERTH/BEYOND 3 HRS	505.70	6.83	512.53
BOAT SERVICE - BOOTHVILLE	567.35	7.66	575.01
RUSH PILOT - LESS THAN 3 HRS	378.11	5.10	383.21
LESS THAN 24 HRS NOTICE	501.06	6.76	507.82
NO ETA	1002.12	13.53	1015.65
COMMUNICATION CHARGE	4.50		4.50
PENSION SURCHARGE - DWT/MILLS			
CIS - BOATS	45.90		45.90
CIS-STATION	167.48		167.48

Note: Minimum Pilotage is 20 times Draft Foot Charge

Exhibit No. MLN-4

CRESCENT RIVER PORT PILOTS' ASSOCIATION

Pilot Association Recoverable Expenses	2019 PROJECTED		2020 PROJECTED	
	Sub-Category Amounts	Category Total	Sub-Category Amounts	Category Total
1. Pilot Compensation				
2. Employee Salaries, Wages & P/R Taxes		3,110,451		3,166,279
3. Pensions & Pension Plans		407,892		444,119
a. Pilot pension expense	-		-	
b. Employee pension expense	407,892		444,119	
4. Group Hospitalization & Benefits		4,871,091		5,055,052
a. Pilot health insurance and benefits	3,262,311		3,442,475	
b. Employee health insurance and benefits	425,848		433,501	
c. Retiree health insurance and benefits	1,182,932		1,179,077	
5. Pilot Stations		914,534		1,039,735
a. Fuel for Generators	-		-	
b. Maintenance & Repairs	316,858		414,931	
c. Property Taxes	125,193		110,066	
d. Services	-		-	
e. Utilities	94,473		81,210	
f. Board & Lodging	378,010		433,529	
6. Administrative Offices		213,228		233,867
a. Rent & Leases	136,227		138,525	
b. Property Taxes	4,541		17,214	
c. Services	27,661		40,365	
d. Utilities	36,678		30,268	
e. Other	8,122		7,495	
7. Vessel Expenses		486,983		468,768
a. Fuel	318,693		282,451	
b. Maintenance & Repairs	168,289		186,318	
c. Property Taxes	-		-	
d. Operating Costs	-		-	
8. Communications, Dispatch, & IT		562,183		607,318
a. Pilot Laptops	-		-	
b. Other	562,183		607,318	
9. General & Administrative		459,784		450,478
10. Continuing Education & Training		481,533		500,000
11. Professional Services		864,224		1,135,215
a. Legal	319,615		280,237	
b. Regulatory	450,110		750,001	
c. Accounting & Auditing	94,500		104,977	
d. Other	-		-	
12. Professional Dues		326,083		373,424
13. Risk Management & Insurance		596,889		680,899
a. Property Insurance	221,065		276,734	
b. Liability Insurance (includes Pilot License)	92,643		83,680	
c. Vessel Hull Insurance	84,748		87,123	
d. Other	198,434		233,362	
14. Transportation		285,396		284,404
a. Pilot Transportation	285,396		284,404	
b. Other	-		-	
15. Boards of Commissioners & Examiners		365,000		380,000
16. Taxes & Licenses		47,016		47,016
17. Income Taxes		-		-
18. Rent & Lease Expense		37,092		35,343
19. Interest Expense		394,928		401,160
20. Depreciation Expense		1,037,224		1,055,391
21. Extraordinary Items		-		-
Total Recoverable Expenses		15,461,531		16,358,469
Reconciling Items				
R1.				
R2.				
R3.				
R4.				
R5.				
Total Expenses per Audit				

Notes:

BEFORE THE
LOUISIANA PILOTAGE FEE COMMISSION

RIVER PORT PILOTS FOR THE PORT OF NEW ORLEANS, DULY ORGANIZED AS
THE CRESCENT RIVER PORT PILOTS' ASSOCIATION, EX PARTE

DOCKET NO. P07-001
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*In Re: Request for Tariff Redesign and for Increase in Allowed Expenses Pursuant to La. R.S.
34:1122 and for Related Relief*

AFFIDAVIT

STATE OF LOUISIANA
PARISH OF ORLEANS

I, Mark L. Nelson, being first duly sworn, state that I have reviewed the above and
foregoing testimony, and that the testimony is true and accurate to the best of my knowledge,
information and belief.



Mark L. Nelson, CPA

SWORN TO AND SUBSCRIBED before me this 30th day of October, 2019.



Nathan G. Huntwork
La. Bar Roll No. 31789
My Commission Expires at Death

NATHAN G. HUNTWORK
Notary Public
State of Louisiana
Louisiana Bar Roll # 31789
My Commission is issued for Life.