

# J. KENNEDY AND ASSOCIATES, INC.

## PRINCIPALS

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May 10, 2018

Melanie Verzwylt, Esq.  
Louisiana Public Service Commission  
Office of the General Counsel  
602 North Fifth Street (Galvez Building) (70802)  
P. O. Box 91154  
Baton Rouge, LA 70821-9154

***In Re: Solicitation for under \$50k bids from outside consultant to assist Staff in Performing a Rate Review in Docket No. T-34695 - Crimson Gulf, LLC (Denver, Colorado), ex parte, In Re: Application for a rate increase on service originating at Grand Isle and Terminating at St. James for Crude Petroleum as currently outlined in LPSC Tariff No. 75.2***

Dear Ms. Verzwylt:

J. Kennedy and Associates, Inc. ("Kennedy and Associates") is pleased to submit this proposal to assist the Louisiana Public Service Commission Staff ("Commission" and "Staff") in the review of the request to increase intrastate pipeline transportation rates filed by Crimson Gulf, LLC ("Crimson Gulf" or "the Company"). The Crimson Gulf request is opposed by Energy XXI GOM, LLC, a shipper that accounts for approximately 90% of the crude oil that flows through the pipeline from Grand Isle to St. James.

Kennedy and Associates has assisted the Commission and the Staff since 1986 on various matters, including formula rates and tariff issues, in proceedings before the Commission and before the Federal Energy Regulatory Commission. We already have reviewed Crimson Gulf's Application, testimony, and calculations, as well as Energy XXI GOM, LLC's Motion to Intervene. In addition, we have reviewed and are familiar with the Commission's General Order No. R-33390 dated March 9, 2015. Finally, we are experienced in reviewing and litigating contested accounting and regulatory issues.

### **Our Approach to Perform The Project**

We already have performed an initial review of the Crimson Gulf filing and Energy XXI GOM, LLC's intervention, which states its strong opposition to the Crimson Gulf request. We will prepare

data requests and review the responses; analyze and quantify the issues and their effects on the requested increase; prepare prefiled direct testimony (the procedural schedule includes only direct testimony for the Staff) in support of Staff's recommendations, along with supporting exhibits; participate in meetings via teleconference, attend a single hearing to stand for cross-examination on our prefiled testimony (the procedural schedule reflects a single hearing from November 14 to 15, 2018); provide assistance to the Commission's Transportation Staff and Legal Staff, including assistance with legal briefs, and attend the Commission's Business and Executive ("B&E") meeting if requested by Staff.

### **Budget to Perform These Services**

Kennedy and Associates proposes a budget for consulting services of \$48,400. Expenses for this project will be in addition to the budget for consulting services, and will not exceed \$1,100. This is an extremely tight budget based on our initial review of the issues and the level of opposition from the primary shipper on the pipeline. We will bill for our services based on our standard billing rates, which are attached to this letter. We will bill only for actual hours worked at the specified hourly rates and actual expenses incurred. Our bills will not exceed the total services and expense budgets based on the scope of work outlined in this proposal. Furthermore, we acknowledge that any expenses charged will be within the Commission's standard expense allowances.

It should be noted that our budget includes direct testimony on the issues in the case, in accordance with the RFP (Staff testimony due on July 30, 2018) and consistent with the procedural schedule adopted in this case, and a single hearing to stand for cross-examination on our direct testimony, also in accordance with the RFP (hearing will be held November 14-15, 2018) and consistent with the procedural schedule in this case. If additional services are necessary that are outside the scope of this proposal, we will be pleased to work with the Staff to determine the scope of those services and to obtain authorization to increase our budget for the increase in scope.

### **Kennedy and Associates Qualifications**

Mr. Lane Kollen, Vice President, CPA, CMA, CGMA will manage this project. He will be assisted by other Kennedy and Associates personnel as appropriate, including Mr. Randy Futral and Mr. Richard Baudino. Each of these individuals has more than 20 years of experience working in the utility industry. Our experience is described in more detail in the Qualifications package provided along with this letter proposal. The Qualifications package includes detailed resumes for each member of the team, which provide a listing of all expert testimonies and subject matters.

### **Kennedy and Associates No Conflicts of Interest**

Kennedy and Associates has no known conflicts of interest in representing the Louisiana Public

*Ms. Melanie Verzwylt*

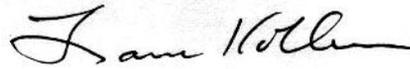
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Service Commission in this proceeding. Kennedy and Associates historically has not and presently does not represent pipelines, producers, or shippers.

Thank you for the opportunity to provide consulting services to the Commission Staff on this important project. Please call or e-mail me at [lkollen@jkenn.com](mailto:lkollen@jkenn.com) with any questions or comments.

Sincerely,

A handwritten signature in cursive script that reads "Lane Kollen".

Lane Kollen  
Vice President

LK:ji

Attachment

**J. Kennedy and Associates, Inc.**  
**2018 Hourly Fee Schedule**  
**Louisiana Public Service Commission**

<u>Title</u>	<u>Name</u>	<u>Hourly Rate</u>
President	Stephen J. Baron	\$263
Vice President	Lane Kollen	\$263
Vice President	Philip Hayet	\$263
Director	Richard A. Baudino	\$252
Director	Brian R. Barber	\$252
Manager	Randy Futral	\$252
Senior Consultant	Ann Bruccoliere	\$195
Senior Consultant	Leah Justin Wellborn	\$195
Consultant	Brian Kollen	\$155
Analyst	Jessica Inman	\$115

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