

Exhibit No. 86

Issue: Revenue Requirement
Witness: David J. Effron
Sponsoring Party: AARP
Case No. ER-2005-0436

Before the Missouri Public Service Commission

Direct Testimony
of
David J. Effron

FILED²
FEB 24 2006
Missouri Public
Service Commission

Exhibit No. 86
Case No(s) ER-2005-0436
Date 1-09-06 Rptr JF

1 I. **STATEMENT OF QUALIFICATIONS**

2 Q. **Please state your name and business address.**

3 A. My name is David J. Effron. My business address is 386 Main Street,
4 Ridgefield, Connecticut.

5

6 Q. **What is your present occupation?**

7 A. I am a consultant specializing in utility regulation.

8

9 Q. **Please summarize your professional experience.**

10 A. My professional career includes over twenty-five years as a regulatory
11 consultant, two years as a supervisor of capital investment analysis and
12 controls at Gulf & Western Industries and two years at Touche Ross & Co. as a
13 consultant and staff auditor. I am a Certified Public Accountant and I have
14 served as an instructor in the business program at Western Connecticut State
15 College.

16

17 Q. **What experience do you have in the area of utility rate setting
18 proceedings and other utility matters?**

19 A. I have analyzed numerous electric, gas, telephone, and water filings in different
20 jurisdictions. Pursuant to those analyses I have prepared testimony, assisted
21 attorneys in case preparation, and provided assistance during settlement
22 negotiations with various utility companies.

1 I have testified in over two hundred cases before regulatory
2 commissions in Alabama, Colorado, Connecticut, Florida, Georgia, Illinois,
3 Indiana, Kansas, Kentucky, Maryland, Massachusetts, Missouri, Nevada, New
4 Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South
5 Carolina, Texas, Vermont, and Virginia.

6

7 **Q. Please describe your other work experience.**

8 A. As a supervisor of capital investment analysis at Gulf & Western Industries, I
9 was responsible for reports and analyses concerning capital spending
10 programs, including project analysis, formulation of capital budgets,
11 establishment of accounting procedures, monitoring capital spending and
12 administration of the leasing program. At Touche Ross & Co., I was an
13 associate consultant in management services for one year and a staff auditor
14 for one year.

15

16 **Q. Have you earned any distinctions as a Certified Public Accountant?**

17 A. Yes. I received the Gold Charles Waldo Haskins Memorial Award for the
18 highest scores in the May 1974 certified public accounting examination in New
19 York State.

20

21 **Q. Please describe your educational background.**

1 A. I have a Bachelor's degree in Economics (with distinction) from Dartmouth
2 College and a Masters of Business Administration Degree from Columbia
3 University

4

5 **II. PURPOSE OF TESTIMONY**

6 **Q. On whose behalf are you testifying?**

7 A. I am testifying on behalf of AARP.

8

9 **Q. What is the purpose of this direct testimony?**

10 A. The purpose of this testimony is to notify the Commission and the parties to
11 this docket of my intention to provide testimony on revenue requirement
12 issues on behalf of AARP during the rebuttal and surrebuttal phases of the
13 case. I have been analyzing the revenue requirements of the Missouri
14 Public Service ("MPS") and St. Joseph Light & Power (L&P) divisions of
15 Aquila, Inc. ("Aquila" or "the Company"), with regard to rate base and pro
16 forma operating income under present rates. In addition to reviewing the
17 testimony and exhibits filed by the Company with its application, I have been
18 examining the workpapers supporting the rate base and operating income
19 presented by the Company, analyzing responses to data requests, reading
20 other relevant documents and discussing various areas of the case with
21 counsel.

22 As I was just recently retained by AARP, I am not proposing any
23 adjustments to the Company's presentation of rate base and pro forma test

1 year operating income at this time. However, I am continuing to analyze the
2 elements of rate base and test year operating income and the Company's
3 proposed adjustments thereto. I will also be reviewing the direct testimony
4 of staff and intervenors and will be providing technical support to AARP
5 during the scheduled settlement discussions. In addition, I will also
6 analyze the rebuttal testimony of the Company, staff, and intervenors, and I
7 will prepare and present rebuttal and surrebuttal testimony on behalf of
8 AARP on selected issues in the determination of rate base and pro forma
9 test year operating income, to the extent that AARP deems such testimony
10 will likely be helpful to the Commission in its resolution of those issues in
11 this case.

12

13 **Q. Does this conclude your direct testimony?**

14 **A. Yes.**

15

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Tariff Filing of Aquila, Inc.,)
to Implement a General Rate Increase for)
Retail Electric Service Provided to Customers)
in its MPS and L&P Missouri Service Areas.)

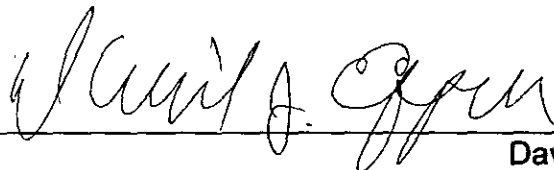
Case No. ER-2005-0436
Tariff No. YE-2005-1045

County of Fairfield

State of Connecticut

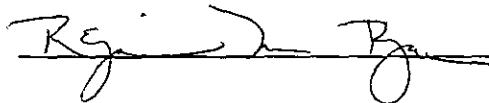
Affidavit of David J. Efron

David J. Efron, being first duly sworn, states that he is the witness who sponsors the accompanying testimony and that said testimony was prepared by him; that if inquiries were made as to the facts in said testimony and schedules, he would respond as set therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information, and belief.



David J. Efron

Subscribed and sworn to me on this 14th day of October, 2005.



Notary Public

My commission expires:

9/30/06