

**DATA INFORMATION REQUEST**  
**Missouri-American Water Company**  
**WU-2017-0296**

**Requested From:** Tim Luft  
**Date Requested:** 8/2/17

**Information Requested:**

Provide copies of all written communication (including non-privileged emails) exchanged between MAWC employees/representatives and members of the Office of the Commission regarding customer-owned lead service lines from the time period beginning January 1, 2017. For each written communication/document indicate the date the communication occurred and identifying parties involved. If applicable, provide a privilege log.

**Requested By:** Timothy Opitz – Office of Public Counsel – [timothy.opitz@ded.mo.gov](mailto:timothy.opitz@ded.mo.gov)

**Information Provided:**

Please see:  
OPC 0025\_Attachment 1  
OPC 0025\_Attachment 2

Other than the attached, MAWC is unaware of any other communications with members of the Office of the Commission where a member of OPC was not also a participant (for example the exchange of pilot program documents, setting up the meeting where OPC and PSC Staff was present, etc.

OPC Exhibit No. 26  
Date 9/27/17 Reporter ML  
File No WU-2017-0296

OPC 0025 - ATTACHMENT 1

Charles D Pruitt

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**From:** Merciel, James <james.merciel@psc.mo.gov>  
**Sent:** Thursday, August 03, 2017 8:10 AM  
**To:** Christopher M Parrish; Charles D Pruitt; Timothy C Ganz; Bruce Aiton; Eric L Stevenson  
**Cc:** Joseph R Grillo; Takisha D Walker; Busch, Jim; Dallas, Jonathan; Gaetano T Bommarito  
**Subject:** RE: Lead Service line Project site meeting

EXTERNAL EMAIL - "Think before you click!"

Thanks everyone, sounds good. See you tomorrow.

---

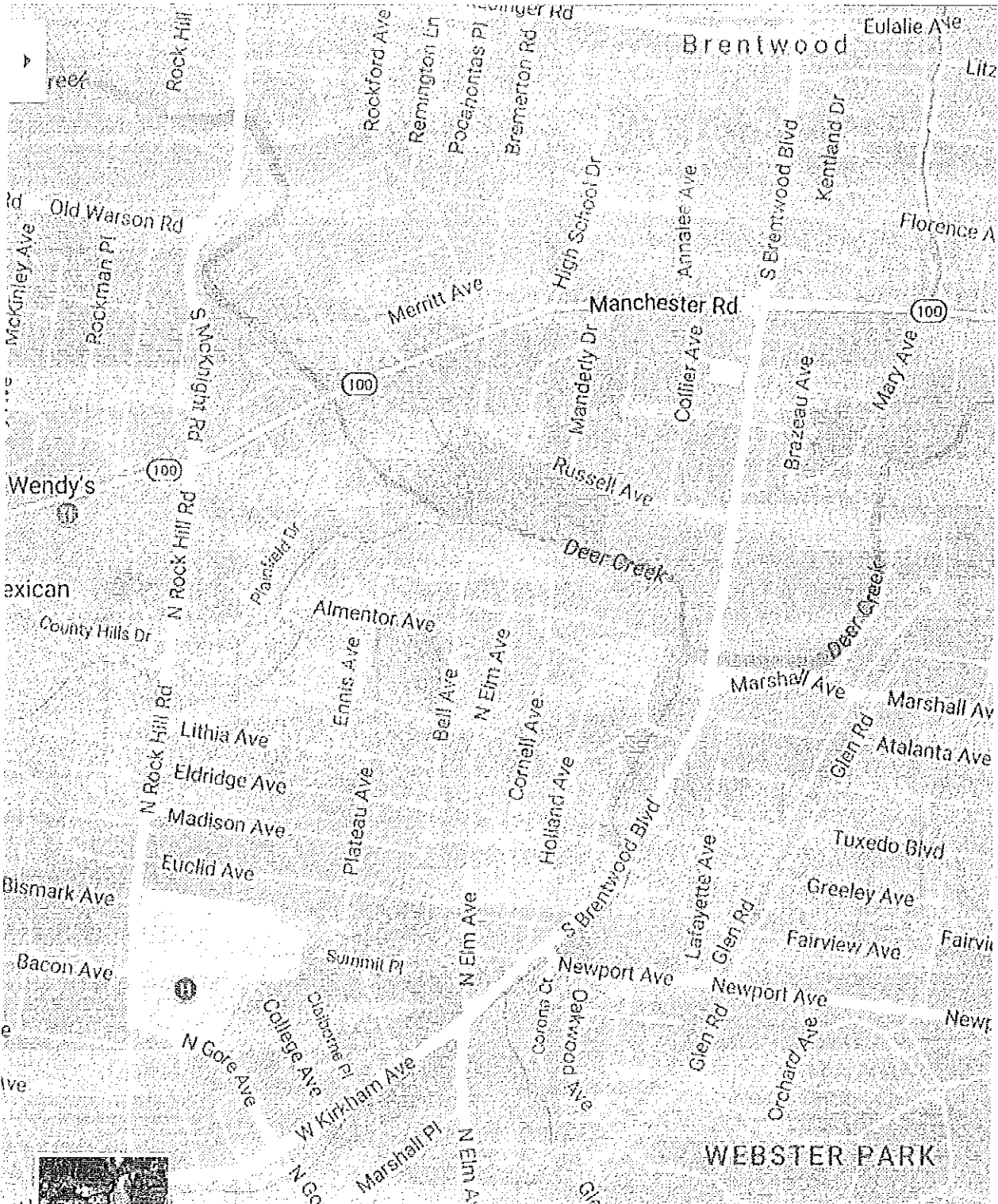
**From:** Christopher M Parrish [mailto:Christopher.Parrish@amwater.com]  
**Sent:** Thursday, August 03, 2017 8:02 AM  
**To:** Charles D Pruitt; Merciel, James; Timothy C Ganz; Bruce Aiton; Eric L Stevenson  
**Cc:** Joseph R Grillo; Takisha D Walker; Busch, Jim; Dallas, Jonathan; Gaetano T Bommarito  
**Subject:** RE: Lead Service line Project site meeting

I've attached Tom Bommarito to the email string. He is the local Supervisor.  
Christopher

**From:** Charles D Pruitt  
**Sent:** Wednesday, August 02, 2017 4:30 PM  
**To:** Merciel, James <james.merciel@psc.mo.gov>; Timothy C Ganz <Timothy.Ganz@amwater.com>; Bruce Aiton <Bruce.Aiton@amwater.com>; Eric L Stevenson <Eric.Stevenson@amwater.com>  
**Cc:** Joseph R Grillo <Joseph.Grillo@amwater.com>; Christopher M Parrish <Christopher.Parrish@amwater.com>; Takisha D Walker <Takisha.Walker@amwater.com>; Busch, Jim <jim.busch@psc.mo.gov>; Dallas, Jonathan <Jonathan.Dallas@psc.mo.gov>  
**Subject:** RE: Lead Service line Project site meeting

That works for us. Tim sent you directions to Homestead Estates. I agree that this is probably the better schedule to keep. Once you are completed with your review of the WWTP please contact me at 314-574-3601 and Myself and Joe Grillo can meet you at the main replacement site which is located at Eunice Ave and Summit Ave. in Webster Groves, Mo 63119.

We can provide a spatial map regarding lead potential locations but it would be at a very high level, more of a hot spot location map.



Dave Pruitt  
Construction Manager-Engineering  
Missouri-American Water Company  
727 Craig Rd.  
St louis, MO 63141  
Phone 314-996-2396 (Office)  
Internal 7-400-2396  
Fax 314-569-3972

**From:** Merciel, James [<mailto:james.merciel@psc.mo.gov>]  
**Sent:** Wednesday, August 02, 2017 3:12 PM  
**To:** Charles D Pruitt <[Dave.Pruitt@amwater.com](mailto:Dave.Pruitt@amwater.com)>; Timothy C Ganz <[Timothy.Ganz@amwater.com](mailto:Timothy.Ganz@amwater.com)>  
**Cc:** Joseph R Grillo <[Joseph.Grillo@amwater.com](mailto:Joseph.Grillo@amwater.com)>; Christopher M Parrish <[Christopher.Parrish@amwater.com](mailto:Christopher.Parrish@amwater.com)>; Takisha D Walker <[Takisha.Walker@amwater.com](mailto:Takisha.Walker@amwater.com)>; Busch, Jim <[jim.busch@psc.mo.gov](mailto:jim.busch@psc.mo.gov)>; Dallas, Jonathan <[Jonathan.Dallas@psc.mo.gov](mailto:Jonathan.Dallas@psc.mo.gov)>  
**Subject:** RE: Lead Service line Project site meeting

EXTERNAL EMAIL - "Think before you click!"

Yes, if that is ok with Dave then we can meet at Homestead at 9:30 or something, spend an hour or less looking at the plant and talking about service area, and then we will go on to the main replacement project. I am uncertain about the time that is going to be involved with the main and service line issue, so this is probably just as well anyway.

Dave it looks like it will be just myself and Jon. Thanks.

---

**From:** Charles D Pruitt [<mailto:Dave.Pruitt@amwater.com>]  
**Sent:** Wednesday, August 02, 2017 3:02 PM  
**To:** Timothy C Ganz; Merciel, James  
**Cc:** Joseph R Grillo; Christopher M Parrish; Takisha D Walker; Busch, Jim; Dallas, Jonathan  
**Subject:** RE: Lead Service line Project site meeting

Tim,

Jim could go to Homestead Estates first and then we could go to the main replacement project after lunch.

Dave Pruitt  
Construction Manager-Engineering  
Missouri-American Water Company  
727 Craig Rd.  
St louis, MO 63141  
Phone 314-996-2396 (Office)  
Internal 7-400-2396  
Fax 314-569-3972

**From:** Timothy C Ganz  
**Sent:** Wednesday, August 02, 2017 3:00 PM  
**To:** Merciel, James <[james.merciel@psc.mo.gov](mailto:james.merciel@psc.mo.gov)>; Charles D Pruitt <[Dave.Pruitt@amwater.com](mailto:Dave.Pruitt@amwater.com)>  
**Cc:** Joseph R Grillo <[Joseph.Grillo@amwater.com](mailto:Joseph.Grillo@amwater.com)>; Christopher M Parrish <[Christopher.Parrish@amwater.com](mailto:Christopher.Parrish@amwater.com)>; Takisha

D Walker <[Takisha.Walker@amwater.com](mailto:Takisha.Walker@amwater.com)>; Busch, Jim <[jim.busch@psc.mo.gov](mailto:jim.busch@psc.mo.gov)>; Dallas, Jonathan  
<[Jonathan.Dallas@psc.mo.gov](mailto:Jonathan.Dallas@psc.mo.gov)>  
Subject: RE: Lead Service line Project site meeting

Hi Jim,

I can do Friday a.m. at Homestead Estates but will be unavailable Friday p.m. Doesn't sound like that will work so I am hoping we can set up another date / time?

Thanks,

Tim Ganz  
Operations Manager  
Office: 314-469-6050, ext. 6404  
Cell: 314-606-2333  
Email: [Timothy.ganz@amwater.com](mailto:Timothy.ganz@amwater.com)

From: Merciel, James [<mailto:james.merciel@psc.mo.gov>]  
Sent: Wednesday, August 02, 2017 1:28 PM  
To: Charles D Pruitt <[Dave.Pruitt@amwater.com](mailto:Dave.Pruitt@amwater.com)>  
Cc: Joseph R Grillo <[Joseph.Grillo@amwater.com](mailto:Joseph.Grillo@amwater.com)>; Christopher M Parrish <[Christopher.Parrish@amwater.com](mailto:Christopher.Parrish@amwater.com)>;  
Timothy C Ganz <[Timothy.Ganz@amwater.com](mailto:Timothy.Ganz@amwater.com)>; Takisha D Walker <[Takisha.Walker@amwater.com](mailto:Takisha.Walker@amwater.com)>; Busch, Jim  
<[jim.busch@psc.mo.gov](mailto:jim.busch@psc.mo.gov)>; Dallas, Jonathan <[Jonathan.Dallas@psc.mo.gov](mailto:Jonathan.Dallas@psc.mo.gov)>  
Subject: RE: Lead Service line Project site meeting

EXTERNAL EMAIL - "Think before you click!"

Dave thanks. Friday will work, as of now it would be me and Jon Dallas from our department. There could be one or two others, I will let you know for sure.

The other site I was hoping to look at is the Homestead Estates proposed sewer service area, in west county near Babler. Tim Ganz is working on operations there and Takisha Walker is managing the case filed here at the Commission on that matter. If visiting that site Friday, I suppose in the afternoon sometime, does not work for Tim then we can do that another time.

If we leave here between 7 and 7:30 it would get us most anywhere we need to meet you before 10:00. Where do you think is the best place? At the main replacement site?

I also have a quick question, regarding whether or not you have the capability to plot spatial lead service line locations, similar to plotting main break locations. Bruce Aiton is probably the best one to ask that question but you might know as well.

Thanks again.

*James A. Merciel, Jr., P.E.*  
Missouri Public Service Commission  
PO Box 360  
Jefferson City, MO 65102  
573 751-3027  
website is: [psc.mo.gov](http://psc.mo.gov)

---

**From:** Charles D Pruitt [<mailto:Dave.Pruitt@amwater.com>]  
**Sent:** Wednesday, August 02, 2017 12:37 PM  
**To:** Merciel, James  
**Cc:** Joseph R Grillo; Christopher M Parrish  
**Subject:** Lead Service line Project site meeting  
**Importance:** High

Jim,

After speaking with our Operations team we can meet this Friday Aug 4. Will that date work for your team? If so, can you please provide me a list of the attendees that will accompany you and what time would work best for you. Feel free to call me at 314-574-3601. I have a meeting today from 1-2.

Also, what was the other site you wanted to visit while you and your team are in town?

Dave Pruitt  
Construction Manager-Engineering  
Missouri-American Water Company  
727 Craig Rd.  
St Louis, MO 63141  
Phone 314-996-2396 (Office)  
Internal 7-400-2396  
Fax 314-569-3972

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[www.amwater.com](http://www.amwater.com)

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[www.amwater.com](http://www.amwater.com)

OPC 0025 ATTACHMENT 2

**Charles D Pruitt**

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**From:** Busch, Jim <jim.busch@psc.mo.gov>  
**Sent:** Friday, July 21, 2017 5:43 PM  
**To:** Charles D Pruitt; William A Clarkson; Merciel, James  
**Cc:** Brian W Lagrand; Bruce Aiton  
**Subject:** RE: Main/Lead replacements

EXTERNAL EMAIL - "Think before you click!"

Dave,

Sorry for the late reply. I think Staff will have two – four people that we would like to send out for a site visit. Jim Merciel will be leading the charge and I have included him on the email. I know that Staff may want to get out to visit other sites in St. Louis County so maybe we can kill two birds with one stone. So, I will let you and Jim finish up coordination.

Thanks again for giving Staff this opportunity.

Jim

---

**From:** Charles D Pruitt [mailto:Dave.Pruitt@amwater.com]  
**Sent:** Monday, July 17, 2017 5:29 PM  
**To:** Busch, Jim; William A Clarkson  
**Cc:** Brian W Lagrand; Bruce Aiton  
**Subject:** RE: Main/Lead replacements

Jim,

That would not be a problem at all. How many people would you like to send and when would you like to send them. I can contact our team and find the appropriate project that we are replacing lead service lines on and coordinate with you. We would need to ensure that all people that visit the site have the appropriate PPE. Please contact me at 314-574-3601 and we can coordinate.

Dave Pruitt  
Construction Manager-Engineering  
Missouri-American Water Company  
727 Craig Rd.  
St Louis, MO 63141  
Phone 314-996-2396 (Office)  
Internal 7-400-2396  
Fax 314-569-3972

---

**From:** Busch, Jim [mailto:jim.busch@psc.mo.gov]  
**Sent:** Monday, July 17, 2017 5:21 PM  
**To:** Charles D Pruitt <Dave.Pruitt@amwater.com>; William A Clarkson <Andrew.Clarkson@amwater.com>  
**Cc:** Brian W Lagrand <Brian.LaGrand@amwater.com>  
**Subject:** Main/Lead replacements

EXTERNAL EMAIL - "Think before you click!"

Dave and Andrew,

We had a meeting with various people from MAWC last week. At the conclusion, I was speaking with Brian LaGrand and Tim Luft. A topic that came up was MAWC's lead-line replacement program. Brian and Tim told me to contact you guys about Staff's request.

Staff would like to send a few people out to a job-site where MAWC is doing a main replacement and see how it finds the lead service lines and then replaces the service line.

If that is possible, please let me know and let me know how we can coordinate with MAWC to get our group out in the field.

Thanks for your consideration.

Jim

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[www.amwater.com](http://www.amwater.com)



**From:** Andrew Clarkson  
**To:** Busch, Jim  
**Subject:** RE: Report  
**Date:** Monday, April 24, 2017 10:50:00 AM

---

Jim: Two comments to start with. As far as the lead joints in the mains, it's not considered a significant exposure for lead in water systems. To my knowledge, there haven't been any studies to show that lead in cast iron pipes with lead joints ends up in water delivered to homes. So it's an accurate statement but not discussed much in the industry.

Also, want to make sure people are aware that MAWC doesn't own any part of the service lines in St Louis County. Doesn't change the rest of the statements about treating and reporting in the CCR's. But it may change our approach in the future on how replacements are handled.

I'm having my water quality staff review this statement. "A utility-owned water softening system located at the well removes some of the lead, to a level that is below the action level. If the operator were to set the treatment level to remove more lead, it would result in additional softening of the water, thereby increasing the corrosiveness of the water." I personally don't know whether softening process significantly increases the corrosiveness. I know the chemistry is replacing sodium for calcium in the water, along with the lead. But want to have my water quality team confirm that over softening makes the water that much more corrosive.

Andrew Clarkson  
Vice President, Operations  
Missouri American Water Company  
O (314) 996-2351  
M (856) 816-7270

**From:** Busch, Jim [mailto:jim.busch@psc.mo.gov]  
**Sent:** Friday, April 21, 2017 9:55 AM  
**To:** William Andrew Clarkson <Andrew.Clarkson@amwater.com>  
**Subject:** RE: Report

**EXTERNAL EMAIL - "Think before you click!"**

I hit send instead of paste.

Rogue Creek Utilities, Inc., a small regulated utility near Potosi, Missouri, and currently in receivership, is in an area of Missouri known as the "lead belt" where lead mining was historically prevalent. This water system has lead particulate in the source water. A utility-owned water softening system located at the well removes some of the lead, to a level that is below the action

level. If the operator were to set the treatment level to remove more lead, it would result in additional softening of the water, thereby increasing the corrosiveness of the water. Currently, Missouri-American Water Company (MAWC) has an operating agreement with Rogue Creek and is proactively taking actions to reduce the hardness of the water to even lower levels.

MAWC owns both large systems and small systems of various ages throughout Missouri. Older portions of water systems in St. Louis County as well as some of MAWC's other municipal systems still have some lead water main joints. MAWC has approximately 16,000 lead service lines in its St. Louis County service area, and approximately another 14,000 lead service lines in the remainder of its service areas. For its systems where chemical water treatment is utilized, MAWC takes measures to be sure water is not corrosive. MAWC has lead and copper information on its website. It reports in its consumer confidence reports (CCR) that no individual samples are found to be above the action level for lead or for copper.

Let me know what you think.

Thanks.

---

**From:** Busch, Jim  
**Sent:** Friday, April 21, 2017 9:54 AM  
**To:** [Andrew.Clarkson@amwater.com](mailto:Andrew.Clarkson@amwater.com)  
**Subject:** Report

Andrew,

Staff has written a report discussing some lead issues here in Missouri. Most of it is generic regarding how lead gets into the water supply through leaching from lead in service lines, lead in household fixtures and the potential for some lead in other areas of the distribution system for connections and such.

However, we do briefly discuss some of our larger providers and we mention MAWC in a couple of places. I am going to be presenting this to Agenda on Wednesday and I wanted to run the two paragraphs regarding MAWC by you to see if you guys think we should make it HC.

Here are the mentions of MAWC:

**From:** [Andrew Clarkson](#)  
**To:** [Busch, Jim](#)  
**Subject:** RE: Service lines  
**Date:** Thursday, April 06, 2017 3:52:00 PM

---

Yes. As you know, most of the mains that need replacing the most also have some lead lines. We would fall way behind on main replacement if we didn't start. Let me know if this is a significant issue for the PSC. We want to do the right thing but don't want to be penalized for it either.

---

**From:** Busch, Jim [<mailto:jim.busch@psc.mo.gov>]  
**Sent:** Thursday, April 06, 2017 3:36 PM  
**To:** William Andrew Clarkson <[Andrew.Clarkson@amwater.com](mailto:Andrew.Clarkson@amwater.com)>  
**Subject:** RE: Service lines

**EXTERNAL EMAIL - "Think before you click!"**

Ok. So there may be some lines replaced when you file for the AAO?

---

**From:** William Andrew Clarkson [<mailto:Andrew.Clarkson@amwater.com>]  
**Sent:** Thursday, April 06, 2017 3:34 PM  
**To:** Busch, Jim  
**Subject:** RE: Service lines

We have one or two projects underway that include about 60 lead lines. So we are underway but not in so deep we can't reverse course if needed.

Let me know if you need any more detail

Andrew Clarkson  
Vice President, Operations  
Missouri American Water Company  
O (314) 996-2351  
M (856) 816-7270

---

**From:** Busch, Jim [<mailto:jim.busch@psc.mo.gov>]  
**Sent:** Thursday, April 06, 2017 3:27 PM  
**To:** William Andrew Clarkson <[Andrew.Clarkson@amwater.com](mailto:Andrew.Clarkson@amwater.com)>  
**Subject:** Service lines

**EXTERNAL EMAIL - "Think before you click!"**

Hey Andrew,

There has been a little confusion around here that I was hoping you could clear up.

As you guys discussed in the meeting on Monday, you have a plan for replacing lead service lines. Has MAWC already started this process or is it a plan that you plan to begin? In other words, has MAWC replaced any lead service lines yet?

Thanks.

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**DATA INFORMATION REQUEST**  
**Missouri-American Water Company**  
**WU-2017-0296**

**Requested From:** Tim Luft  
**Date Requested:** 8/2/17

**Information Requested:**

Provide copies of all written communication (including non-privileged emails) exchanged between MAWC employees/representatives and members of the Office of the Commission regarding customer-owned lead service lines from the time period beginning January 1, 2017. For each written communication/document indicate the date the communication occurred and identifying parties involved. If applicable, provide a privilege log.

**Requested By:** Timothy Opitz – Office of Public Counsel – [timothy.opitz@ded.mo.gov](mailto:timothy.opitz@ded.mo.gov)

**Information Provided:**

Please see:  
OPC 0025\_Attachment 1  
OPC 0025\_Attachment 2

Other than the attached, MAWC is unaware of any other communications with members of the Office of the Commission where a member of OPC was not also a participant (for example the exchange of pilot program documents, setting up the meeting where OPC and PSC Staff was present, etc.)

**Supplemental Information Provided:**

There was no such communication.

**DATA INFORMATION REQUEST**  
**Missouri-American Water Company**  
**WU-2017-0296**

**Requested From:** Tim Luft  
**Date Requested:** 8/2/17

**Information Requested:**

Provide copies of all written communication (including non-privileged emails) exchanged between MAWC employees/representatives and members of the Office of the Commission regarding customer-owned lead service lines from the time period beginning January 1, 2017. For each written communication/document indicate the date the communication occurred and identifying parties involved. If applicable, provide a privilege log.

**Requested By:** Timothy Opitz – Office of Public Counsel – [timothy.opitz@ded.mo.gov](mailto:timothy.opitz@ded.mo.gov)

**Updated Information Provided:**

Please see:  
OPC 0025 Supplemental\_2\_Attachment 1

Other than the attached, MAWC is unaware of any other communications with members of the Office of the Commission where a member of OPC was not also a participant (for example the receipt of pilot program documents, setting up the meeting where OPC and PSC Staff was present, etc.).

Responsible Witness: Brian LaGrand

## Christine M Page

---

**From:** Christine Marie Page  
**Sent:** Monday, April 17, 2017 2:08 PM  
**To:** Amy Moore (amy.moore@psc.mo.gov)  
**Subject:** FW: revised lead replacement language (with RSM)  
**Attachments:** RSM and Lead Service Line Enabling Language 4-14-2017.doc

**From:** Christine Marie Page  
**Sent:** Friday, April 14, 2017 11:37 AM  
**To:** Robert Boone (robert.boone@psc.mo.gov) <robert.boone@psc.mo.gov>  
**Cc:** Williams, Hampton <Hampton.Williams@ded.mo.gov>; Jim Busch (jim.busch@psc.mo.gov) <jim.busch@psc.mo.gov>; Natelle Dietrich (natelle.dietrich@psc.mo.gov) <natelle.dietrich@psc.mo.gov>  
**Subject:** revised lead replacement language (with RSM)

Robert,

Attached please find revised enabling language for lead service line replacement per our conversation with Chairman Hall yesterday. We added the phrase "as may be defined by commission rule" at the end of subsection 5 to make it clear that the Commission can promulgate rules on "and associated mains, valves, and hydrants." Trying to tighten the language in statute led us down a rabbit hole of definitions and complexity that didn't fit well with the enabling language. We're completely fine with the Commission defining and providing guidance on this issue in a rulemaking.

Note – the attached language also includes the enabling language for RSM since it will be in the same section. Thought it would be easier to see them together as they'll appear in statute.

Thanks,  
Christine

Christine Page  
Director, Government Affairs  
Missouri American Water

Cell: (314) 640-5967  
[christine.page@amwater.com](mailto:christine.page@amwater.com)

RSM and Lead Service Line Enabling Draft Language

04/14/2017

386.266. 1. Subject to the requirements of this section, any electrical corporation may make an application to the commission to approve rate schedules authorizing an interim energy charge, or periodic rate adjustments outside of general rate proceedings to reflect increases and decreases in its prudently incurred fuel and purchased-power costs, including transportation. The commission may, in accordance with existing law, include in such rate schedules features designed to provide the electrical corporation with incentives to improve the efficiency and cost-effectiveness of its fuel and purchased-power procurement activities.

2. Subject to the requirements of this section, any electrical, gas, or water corporation may make an application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to reflect increases and decreases in its prudently incurred costs, whether capital or expense, to comply with any federal, state, or local environmental law, regulation, or rule. Any rate adjustment made under such rate schedules shall not exceed an annual amount equal to two and one-half percent of the electrical, gas, or water corporation's Missouri gross jurisdictional revenues, excluding gross receipts tax, sales tax and other similar pass-through taxes not included in tariffed rates, for regulated services as established in the utility's most recent general rate case or complaint proceeding. In addition to the rate adjustment, the electrical, gas, or water corporation shall be permitted to collect any applicable gross receipts tax, sales tax, or other similar pass-through taxes, and such taxes shall not be counted against the two and one-half percent rate adjustment cap. Any costs not recovered as a result of the annual two and one-half percent limitation on rate adjustments may be deferred, at a carrying cost each month equal to the utilities net of tax cost of capital, for recovery in a subsequent year or in the corporation's next general rate case or complaint proceeding.

3. Subject to the requirements of this section, any gas corporation may make an application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to reflect the nongas revenue effects of increases or decreases in residential and commercial customer usage due to variations in either weather, conservation, or both.

4. Subject to the requirements of this section, a water or sewer corporation may make an application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to ensure revenues billed by such water or sewer corporation for regulated services equal the revenue requirement for regulated services as established in the water or sewer corporation's most recent general rate proceeding or complaint proceeding, excluding any other commission-approved surcharges and gross receipts tax, sales tax, and other similar pass-through



RSM and Lead Service Line Enabling Draft Language

04/14/2017 Page 3 of 4

taxes not included in tariffed rates, due to any revenue variation resulting from increases or decreases in residential, commercial, public authority, and sale for resale usage.

5. Subject to the requirements this section, any water corporation may make an application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to provide for the recovery of costs for the replacement of lead service lines and associated mains, valves, and hydrants as may be defined by commission rule.

[4.] 6. The commission shall have the power to approve, modify, or reject adjustment mechanisms submitted under subsections 1 to [3] 5 of this section only after providing the opportunity for a full hearing in a general rate proceeding, including a general rate proceeding initiated by complaint. The commission may approve such rate schedules after considering all relevant factors which may affect the costs or overall rates and charges of the corporation, provided that it finds that the adjustment mechanism set forth in the schedules:

(1) Is reasonably designed to provide the utility with a sufficient opportunity to earn a fair return on equity;

(2) Includes provisions for an annual true-up which shall accurately and appropriately remedy any over- or under-collections, including interest at the utility's short-term borrowing rate, through subsequent rate adjustments or refunds;

(3) In the case of an adjustment mechanism submitted under subsections 1 and 2 of this section, includes provisions requiring that the utility file a general rate case with the effective date of new rates to be no later than four years after the effective date of the commission order implementing the adjustment mechanism. However, with respect to each mechanism, the four-year period shall not include any periods in which the utility is prohibited from collecting any charges under the adjustment mechanism, or any period for which charges collected under the adjustment mechanism must be fully refunded. In the event a court determines that the adjustment mechanism is unlawful and all moneys collected thereunder are fully refunded, the utility shall be relieved of any obligation under that adjustment mechanism to file a rate case;

(4) In the case of an adjustment mechanism submitted under subsection 1 or 2 of this section, includes provisions for prudence reviews of the costs subject to the adjustment mechanism no less frequently than at eighteen-month intervals, and shall require refund of any imprudently incurred costs plus interest at the utility's short-term borrowing rate.

[5.] 7. Once such an adjustment mechanism is approved by the commission under this section, it shall remain in effect until such time as the commission authorizes the modification, extension, or discontinuance of the mechanism in a general rate case or complaint proceeding.

[6.] 8. Any amounts charged under any adjustment mechanism approved by the commission under this section shall be separately disclosed on each customer bill.

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[7.] 9. The commission may take into account any change in business risk to the corporation resulting from implementation of the adjustment mechanism in setting the corporation's allowed return in any rate proceeding, in addition to any other changes in business risk experienced by the corporation.

[8.] 10. In the event the commission lawfully approves an incentive- or performance-based plan, such plan shall be binding on the commission for the entire term of the plan. This subsection shall not be construed to authorize or prohibit any incentive- or performance-based plan.

[9.] 11. Prior to August 28, 2005 for subsections 1 to 3 of this section, and upon the effective date of this section for subsections 4 and 5 of this section, the commission shall have the authority to promulgate rules under the provisions of chapter 536 as it deems necessary, to govern the structure, content and operation of such rate adjustments, and the procedure for the submission, frequency, examination, hearing, and approval of such rate adjustments. [Such rules shall be promulgated no later than one hundred fifty days after the initiation of such rulemaking proceeding.] Any electrical, gas, [or] water, or sewer corporation may apply for any adjustment mechanism under this section whether or not the commission has promulgated any such rules.

[10.] 12. Nothing contained in this section shall be construed as affecting any existing adjustment mechanism, rate schedule, tariff, incentive plan, or other ratemaking mechanism currently approved and in effect.

[11.] 13. Each of the provisions of this section is severable. In the event any provision or subsection of this section is deemed unlawful, all remaining provisions shall remain in effect.

[12.] 14. The provisions of subsections 1 to 3 of this section shall take effect on January 1, 2006, and the commission shall have previously promulgated rules to implement the application process for any rate adjustment mechanism under subsections 1 to 3 of this section prior to the commission issuing an order for any rate adjustment.

[13.] 15. The public service commission shall appoint a task force, consisting of all interested parties, to study and make recommendations on the cost recovery and implementation of conservation and weatherization programs for electrical and gas corporations.