**Section 365.920 User Charges**

a) In order for the loan agreement to be issued, the Agency must have approved the loan applicant's system of user charges. The user charge system must be enacted and enforceable before the first loan disbursement can be made.

b) The Agency shall approve the user charge system in accordance with the following criteria:

1) For loans issued prior to October 1, 2006, the user charge system must result in the distribution of the cost of operation, maintenance and replacement of treatment works within the loan recipient's service area to each user (or user class) in proportion to the user's contribution to the total wastewater loading of the wastewater treatment works. Factors such as strength, volume, and delivery flow rate characteristics shall be considered and included as the basis for the user's contribution to ensure a proportional distribution of operation, maintenance, and replacement costs to each user (or user class).

2) For the first year of operation of new facilities, operation, maintenance and replacement costs shall be based upon past experience for existing wastewater treatment works or some other rational method that can be demonstrated to be applicable.

3) The loan recipient shall review user charges annually and revise the rates periodically to reflect actual wastewater treatment works operation, maintenance, and replacement costs. The Agency may request a report on the status of the user charge system, including projected costs, actual costs, revenue generated and fund balances at any time.

4) The user charge system shall generate sufficient revenue to offset the cost for operation, maintenance and replacement required to be provided by the loan recipient for all wastewater treatment works or facilities authorized under this Part.

5) The user charge system must be incorporated in one or more municipal legislative enactments or other appropriate authorizations. If the project is for a regional treatment works accepting wastewaters from treatment works owned by others, then the subscribers receiving wastewater treatment services from the loan recipient shall have adopted user charge systems. The user charge systems shall also be incorporated in the appropriate municipal legislative enactments, intergovernmental or service agreements or other appropriate authorizations.

c) Upon approval of a loan recipient's system of user charges, the implementation and maintenance of the approved system shall become a condition of the loan subject to Section 365.310 (Noncompliance with Loan Procedures) of this Part.

d) The Agency or its authorized representative shall have access to all books, documents, papers, and records of the loan recipient for the purpose of making audit, examination, excerpts, and transcriptions in order to ensure compliance with subsection (b).

(Source: Amended at 34 Ill. Reg. 17582, effective November 8, 2010)