**Section 661.407 User Charges**

a) Each applicant must develop a system of user charges prior to grant approval. The system of user charges must be enacted and enforced prior to initiation of operation of the project for which the grant was awarded.

b) The user charge system shall be consistent with the following criteria:

1) The user charge system must generate sufficient revenue to offset the cost of all public water supply operation, maintenance and replacement of all equipment with a replacement life of less than 20 years required to be provided by the grantee.

2) The user charge system must be enacted into law.

3) For the first year of operation of new facilities, operation, maintenance and replacement costs shall be based upon experience for the existing public water supply or shall be based upon a cost estimate provided by the grantee's engineer.

4) The grantee shall review user charges annually and revise the rates periodically to reflect actual public water supply operation, maintenance and replacement costs.

c) Upon a written determination by the Agency that the grantee's system of user charges complies with the conditions of the grant and this Part, the implementation and maintenance of the approved system and the implementation schedules shall become a condition of the grant subject to the provisions of Section 661.201.

d) The grantee must maintain such records as are necessary to document compliance. The grantee shall maintain records in accordance with the provisions of the Local Records Act [50 ILCS 205], except that no records may be destroyed for a period of 30 years unless microfilm reproduction is made.

e) The Agency or any authorized representative shall have access to any books, documents, papers, and records of the grantee that are applicable to the grantee's systems of user charges for the purpose of making audit, examination, excerpts, and transcriptions to ensure compliance with the provisions of subsection (b).

(Source: Amended at 41 Ill. Reg. 13243, effective October 20, 2017)