**Section 662.910 Operation, Maintenance and Replacement Revenue System**

a) In order for the loan agreement to be issued, the Agency must have approved the loan applicant's source of revenue for operation, maintenance, and replacement (OM&R) costs. The source of revenue must be enacted and enforceable, if appropriate, before the first loan disbursement can be made.

b) The Agency shall approve the OM&R revenue system in accordance with the following criteria:

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

2) The loan recipient shall review annually and revise periodically the revenue source to reflect actual water works operation, maintenance, and replacement costs. The Agency may request a report on the status of the projected costs, actual costs, revenue generated and fund balances at any time.

3) The revenue source shall generate sufficient revenue to offset the cost for operation, maintenance and replacement required to be provided by the loan recipient for all water supplies or facilities as authorized under this Part.

4) If the project is for a regional community water supply facility that distributes water to other public water supplies, appropriate municipal ordinances, intergovernmental or service agreements or other appropriate authorizations must be submitted.

c) Upon approval of a loan recipient's OM&R revenue source, the implementation and maintenance of the source shall become a condition of the loan subject to Section 662.310 (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. 17661, effective November 8, 2010)