**Section 360.602 User Charges**

a) The grantee must obtain the approval of the Agency of its system of user charges prior to the issuance of the Step 3 grant. The grantee shall implement the user charge system before the treatment works is placed in operation.

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

1) The user charge system must result in the distribution of the cost of operation and maintenance of treatment works within the grantee's service area to each user (or user class) in proportion to such user's contribution to the total wastewater loading of the 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 and maintenance costs to each user (or user class).

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

3) The grantee shall review user charges annually and revise the rates periodically to reflect actual treatment works operation and maintenance costs.

4) The user charge system must generate sufficient revenue to offset the cost of all treatment works operation and maintenance and replacement required to be provided by the grantee.

5) The user charge system must be incorporated in one or more municipal legislative enactments or other appropriate authority. If the project is a regional treatment works accepting wastewaters from treatment works owned by other, then the subscribers receiving waste treatment services from the grantee shall have adopted user charge systems. Such user charge systems shall also be incorporated in the appropriate municipal legislative enactments or other appropriate authority.

6) The use of a tax system in lieu of a user charge system, or as a supplement thereto, is specifically disallowed unless it meets federal requirements or unless the tax system is dedicated to support the operation and maintenance of a collection system and where treatment is provided by another municipality.

7) The user charge system shall meet such other standards as the Agency may reasonably require in order to assure the continued financial stability of the grantee.

c) Upon approval of a grantee's system of user charges, the implementation and maintenance of the approved system and the implementation schedules therefore shall become a condition of the grant subject to the provisions of General Condition Section 360.101, (Noncompliance with Grant Conditions) hereof.

d) The grantee must maintain such records as are necessary to document such compliance. The grantee shall maintain such records in accordance with the provisions of the Local Records Act, Ch. 116 Ill. Rev. Stats. 1975, Secs. 43. 101-43.114, except that no such records may be destroyed for a period of 30 years unless microfilm reproductions are made.

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

(Source: Amended at 16 Ill. Reg. 5891, effective March 31, 1992)