

ORIGINAL 4 Duplex  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of SANLANDO )  
UTILITIES CORPORATION for a ) Docket No. 930256-WS  
Limited Proceeding to Implement a ) Filed: June 16, 1994  
Water Conservation Plan. )

NOTICE OF SUPPLEMENTAL AUTHORITY

COME NOW, SANLANDO UTILITIES CORPORATION, and INTERVENORS FLORIDA AUDUBON SOCIETY and FRIENDS OF THE WEKIVA RIVER, INC. to provide the Commission with Notice of Supplemental Authority in support of their Motion to Dismiss, filed January 20, 1994 by Sanlando Utilities, and the Motion To Dismiss of Intervenors Florida Audubon Society and Friends of the Wekiva River Inc., filed February 16, 1994, in which the Intervenors joined in support of Sanlando's Motion to Dismiss, and provided their own response to pleadings filed by the Petitioners, and the Citizens Response filed by Public Counsel. In further support of their request that this formal proceeding be dismissed, Sanlando and Intervenors Florida Audubon Society and Friends of the Wekiva River, Inc. State:

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
C'F \_\_\_\_\_  
CNU \_\_\_\_\_  
CTR \_\_\_\_\_  
EPG \_\_\_\_\_  
LSD *O'Sullivan* \_\_\_\_\_  
H \_\_\_\_\_  
CND \_\_\_\_\_  
RCI \_\_\_\_\_  
SEC \_\_\_\_\_  
WAS *Rendell* \_\_\_\_\_  
OTH \_\_\_\_\_

1. On May 25, 1994 Governor Lawton Chiles signed into law CS for HB 1305, Chapter 94-243 Laws of Florida (Exhibit 1). This legislation contains amendments to statutory provisions that take effect immediately, and have a direct and dispositive bearing upon the major issues raised by the Petitioners in this proceeding.

2. Section 1 of Chapter 94-243 contains substantial amendments to Chapter 367, Florida Statutes, providing for special consideration by the Public Service Commission of water reuse projects. Section 367.0817 Florida Statutes is created, Titled "Reuse Projects". This section provides that:

The Legislature finds that reuse benefits water, wastewater, and reuse customers. The commission shall allow a utility to recover the costs of a reuse project from the utility's water, wastewater, or reuse customers or any combination thereof as deemed appropriate by the commission.

The new statutory provisions further state that:

The Commission's order approving the reuse project plan shall approve rates based on projected costs and shall provide for the implementation of rates without the need for a subsequent proceeding. The commission shall allow the approved rates to be implemented when the reuse project plan is approved or when the project is placed in service. If the commission allows the rates to be implemented when the plan is approved, the commission may order the utility to escrow the resulting revenues until the project is placed in service. Escrowed revenues shall be used exclusively for the reuse project. (Emphasis added)

In essence, what the legislature has done is to clearly write into law the procedures followed and the considerations applied by the Commission, when it issued Order No. PSC-93-1771-FOF-WS on November 8, 1993 in the instant case. The Legislature has expressly approved the prior collection of funds and the escrow of these funds for subsequent construction of reuse systems.

3. The only specific disputed issue stated in the Petitions filed by the parties that challenge the Commission's Order in this cause is an objection to "...taxes being paid indirectly by Sanlando's customers...". The Legislature has settled this issue as a matter of policy, by including taxes in the allowable costs of reuse projects. Section 367.0817 (1) (e) now provides:

As used in this section, the term "costs" includes, but is not limited to , all capital investments, including a rate of return, any applicable taxes, and all expenses related to or resulting from the reuse project which were not considered in the utility's last rate proceeding.

4. At the time Petitioners initiated this proceeding, the merits of the Commission's Order were, at least arguably, in a fairly debatable posture. The development of a record through the formal hearing process would have served the purpose of facilitating an appeal to test the appropriateness of the funding proposal advanced by Sanlando in its request for a Limited Proceeding to Implement a Water Conservation Plan. Now the Legislature has essentially written the elements of Sanlando's proposal that were in dispute into law, and has obviated the usefulness of a formal proceeding.

5. Section 367.0817 (2) Florida Statutes, which is immediately effective, provides in pertinent part that:

If the commission's proposed action is protested, the final decision shall be rendered by the commission within 8 months of the date the protest is filed.

Under this new time constraint, the schedule for completion of this hearing would have to be substantially expedited so that the Commission's Final Order is entered on or before September 3, 1994.

WHEREFORE, Sanlando Utilities Corporation, and Intervenors, Florida Audubon Society and Friends of the Wekiva River, Inc. maintain that, particularly in light of the additional authority provided by Chapter 94-243 Laws of Florida, the Petitions filed in this matter should be dismissed by the Commission.

Respectfully submitted this 15<sup>th</sup> day of June, 1994.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and fifteen (15) copies of the foregoing Notice of Supplemental Authority has been filed with the Division of Records and Reporting, Florida Public Service Commission, and one (1) true and correct copy has been provided by United States Mail this 15<sup>th</sup> day of June, 1994 to the following parties of record:

1 An act relating to water and wastewater  
 2 systems; creating s. 367.0817, F.S.; providing  
 3 for water reuse projects to be approved by the  
 4 Public Service Commission; providing that  
 5 prudent and reasonable costs of reuse shall be  
 6 recovered in rates approved by the commission;  
 7 providing for escrow of revenues attributed to  
 8 such rates, subject to refund; providing for  
 9 true-up of reuse costs and such rates; creating  
 10 s. 373.250, F.S.; providing for the  
 11 encouragement of reuse of reclaimed water;  
 12 providing a definition; requiring the water  
 13 management districts to adopt rules to allocate  
 14 reclaimed water and to provide for emergency  
 15 situations; providing for application; amending  
 16 s. 403.064, F.S.; providing requirements for  
 17 the use of reclaimed water; providing permit  
 18 requirements for wastewater treatment  
 19 facilities in water resource caution areas;  
 20 providing for feasibility studies for reuse of  
 21 reclaimed water; providing that permits issued  
 22 by the Department of Environmental Protection  
 23 for domestic wastewater treatment facilities  
 24 must be consistent with requirements for reuse  
 25 in applicable consumptive use permits; limiting  
 26 disposal of effluent by deep well injection;  
 27 amending s. 403.1838, F.S.; expanding the scope  
 28 of the Small Community Sewer Construction  
 29 Assistance Act; authorizing grants by the  
 30 Department of Environmental Protection to  
 31

1 financially disadvantaged small communities in  
 2 accordance with rules adopted by the  
 3 Environmental Regulation Commission;  
 4 prescribing criteria for the commission's  
 5 rules; requiring the department to review each  
 6 grant; providing for grant funds to be used to  
 7 pay the costs of program administration;  
 8 providing for a continuation of current  
 9 department rules for grants previously awarded;  
 10 authorizing the Department of Environmental  
 11 Protection to expend federal drinking water  
 12 funds to make grants and loans; directing the  
 13 Department of Environmental Protection to  
 14 report on the status of any federally  
 15 authorized drinking water state revolving fund  
 16 program; providing an effective date.  
 17

18 Be It Enacted by the Legislature of the State of Florida:

19  
 20 Section 1. Section 367.0817, Florida Statutes, is  
 21 created to read as follows:

22 367.0817 Reuse Projects.--

23 (1) A utility may submit a reuse project plan for  
 24 commission approval. A reuse project plan shall include:

25 (a) A description of the project and other effluent  
 26 disposal options considered by the utility.

27 (b) Copies of the pertinent Department of  
 28 Environmental Protection and water management district permit  
 29 applications filed or, in lieu thereof, a statement of the  
 30 project's permit status.  
 31

1 (c) A statement that the reuse project is required or  
 2 recommended pursuant to section 403.064, Florida Statutes, or  
 3 other relevant authority.  
 4 (d) The number and identity of the project's proposed  
 5 reuse customer(s) and copies of written agreements, if any,  
 6 between the utility and the customer(s) regarding the project.  
 7 (e) The projected costs associated with the reuse  
 8 project. As used in this section, the term "costs" includes,  
 9 but is not limited to, all capital investments, including a  
 10 rate of return, any applicable taxes, and all expenses related  
 11 to or resulting from the reuse project which were not  
 12 considered in the utility's last rate proceeding.  
 13 (f) The utility's proposal for recovering the  
 14 project's costs through rates.  
 15 (g) A proposed in-service schedule for the project.  
 16 (h) Any other information the commission may require  
 17 pursuant to rule.  
 18 (2) The commission shall review the utility's reuse  
 19 project plan and shall determine whether the projected costs  
 20 are prudent and the proposed rates are reasonable and in the  
 21 public interest. The commission shall issue a proposed agency  
 22 action order to approve or disapprove the utility's reuse  
 23 project plan. The commission shall enter its vote on the  
 24 proposed agency action within 5 months of the date of filing.  
 25 If the commission's proposed action is protested, the final  
 26 decision shall be rendered by the commission within 8 months  
 27 of the date the protest is filed.  
 28 (3) All prudent costs of a reuse project shall be  
 29 recovered in rates. The Legislature finds that reuse benefits  
 30 water, wastewater, and reuse customers. The commission shall  
 31 allow a utility to recover the costs of a reuse project from

1 the utility's water, wastewater, or reuse customers or any  
 2 combination thereof as deemed appropriate by the commission.  
 3 (4) The commission's order approving the reuse project  
 4 plan shall approve rates based on projected costs and shall  
 5 provide for the implementation of rates without the need for a  
 6 subsequent proceeding. The commission shall allow the  
 7 approved rates to be implemented when the reuse project plan  
 8 is approved or when the project is placed in service. If the  
 9 commission allows the rates to be implemented when the plan is  
 10 approved, the commission may order the utility to escrow the  
 11 resulting revenues until the project is placed in service.  
 12 Escrowed revenues shall be used exclusively for the reuse  
 13 project.  
 14 (5) If the commission allows the rates to be  
 15 implemented when the plan is approved, the utility may place  
 16 its proposed rates into effect on a temporary basis, subject  
 17 to refund, in the event of a protest by a party other than the  
 18 utility. If the utility has requested rate implementation  
 19 upon approval of the plan and the commission has exceeded the  
 20 time allowed in subsection (2), the utility may place its  
 21 proposed rates into effect on a temporary basis, subject to  
 22 refund.  
 23 (6) After the reuse project is placed in service, the  
 24 commission, by petition or on its own motion, may initiate a  
 25 proceeding to true-up the costs of the reuse project and the  
 26 resulting rates.  
 27 Section 2. Section 373.250, Florida Statutes, is  
 28 created to read:  
 29 373.250 Reuse of reclaimed water.--  
 30 (1) The encouragement and promotion of water  
 31 conservation and reuse of reclaimed water, as defined by the

1 department, are state objectives and considered to be in the  
 2 public interest. The Legislature finds that the use of  
 3 reclaimed water provided by domestic wastewater treatment  
 4 plants permitted and operated under a reuse program approved  
 5 by the department is environmentally acceptable and not a  
 6 threat to public health and safety.

7 (2)(a) For purposes of this section, "uncommitted"  
 8 means the average amount of reclaimed water produced during  
 9 the three lowest-flow months minus the amount of reclaimed  
 10 water that a reclaimed water provider is contractually  
 11 obligated to provide to a customer or user.

12 (b) Reclaimed water may be presumed available to a  
 13 consumptive use permit applicant when a utility exists which  
 14 provides reclaimed water, which has uncommitted reclaimed  
 15 water capacity, and which has distribution facilities, which  
 16 are initially provided by the utility at its cost, to the site  
 17 of the affected applicant's proposed use.

18 (3) The water management district shall, in  
 19 consultation with the department, adopt rules to implement  
 20 this section. Such rules shall include, but not be limited  
 21 to:

22 (a) Provisions to permit use of water from other  
 23 sources in emergency situations or if reclaimed water becomes  
 24 unavailable, for the duration of the emergency or the  
 25 unavailability of reclaimed water. These provisions shall  
 26 also specify the method for establishing the quantity of water  
 27 to be set aside for use in emergencies or when reclaimed water  
 28 becomes unavailable. The amount set aside is subject to  
 29 periodic review and revision. The methodology shall take into  
 30 account the risk that reclaimed water may not be available in  
 31 the future, the risk that other sources may be fully allocated

1 to other uses in the future, the nature of the uses served  
 2 with reclaimed water, the extent to which the applicant  
 3 intends to rely upon reclaimed water and the extent of  
 4 economic harm which may result if other sources are not  
 5 available to replace the reclaimed water. It is the intent of  
 6 this paragraph to ensure that users of reclaimed water have  
 7 the same access to ground or surface water and will otherwise  
 8 be treated in the same manner as other users of the same class  
 9 not relying on reclaimed water.

10 (b) A water management district shall not adopt any  
 11 rule which gives preference to users within any class of use  
 12 established under s. 373.246 who do not use reclaimed water  
 13 over users within the same class who use reclaimed water.

14 (4) Nothing in this section shall impair a water  
 15 management district's authority to plan for and regulate  
 16 consumptive uses of water under this chapter.

17 (5) This section applies to new consumptive use  
 18 permits and renewals of existing consumptive use permits.

19 (6) Each water management district shall submit to the  
 20 Legislature, by January 30 of each year, an annual report  
 21 which describes the district's progress in promoting the reuse  
 22 of reclaimed water. The report shall include, but not be  
 23 limited to:

24 (a) The number of permits issued during the year which  
 25 required reuse of reclaimed water and, by categories, the  
 26 percentages of reuse required.

27 (b) The number of permits issued during the year which  
 28 did not require the reuse of reclaimed water and, of those  
 29 permits, the number which reasonably could have required  
 30 reuse.

1 (c) In the second and subsequent annual reports, a  
 2 statistical comparison of reuse required through consumptive  
 3 use permitting between the current and preceding years.  
 4 (d) A comparison of the volume of reclaimed water  
 5 available in the district to the volume of reclaimed water  
 6 required to be reused through consumptive use permits.  
 7 (e) A comparison of the volume of reuse of reclaimed  
 8 water required in water resource caution areas through  
 9 consumptive use permitting to the volume required in other  
 10 areas in the district through consumptive use permitting.  
 11 (f) An explanation of the factors the district  
 12 considered when determining how much, if any, reuse of  
 13 reclaimed water to require through consumptive use permitting.  
 14 (g) A description of the district's efforts to work in  
 15 cooperation with local government and private domestic  
 16 wastewater treatment facilities to increase the reuse of  
 17 reclaimed water. The districts, in consultation with the  
 18 department, shall devise a uniform format for the report  
 19 required by this subsection and for presenting the information  
 20 provided in the report.

21 Section 3. Section 403.064, Florida Statutes, is  
 22 amended to read:

23 403.064 Reuse of reclaimed water.--

24 (1) The encouragement and promotion of water  
 25 conservation, and reuse of reclaimed water, as defined by the  
 26 department, are state objectives and are considered to be in  
 27 the public interest. The Legislature finds that for those  
 28 wastewater treatment plants permitted and operated under an  
 29 approved reuse program by the department, the reclaimed water  
 30 shall be considered environmentally acceptable and not a  
 31 threat to public health and safety.

1 (2) After January 1, 1992; All applicants for permits  
 2 to construct or operate a domestic wastewater treatment  
 3 facility located within, serving a population located within,  
 4 or discharging within in a critical water resource caution  
 5 supply area shall prepare a reuse feasibility study evaluate  
 6 the costs and benefits of reuse of reclaimed water as part of  
 7 their application for the permit. Reuse feasibility studies  
 8 shall be prepared in accordance with department guidelines  
 9 adopted by rule and shall include, but are not limited to:  
 10 (a) Evaluation of monetary costs and benefits for  
 11 several levels and types of reuse.  
 12 (b) Evaluation of water savings if reuse is  
 13 implemented.  
 14 (c) Evaluation of rates and fees necessary to  
 15 implement reuse.  
 16 (d) Evaluation of environmental and water resource  
 17 benefits associated with reuse.  
 18 (e) Evaluation of economic, environmental, and  
 19 technical constraints.  
 20 (f) A schedule for implementation of reuse. The  
 21 schedule shall consider phased implementation.  
 22 (3) The study required under subsection (2) evaluation  
 23 shall be performed by the applicant, and the applicant's  
 24 determination of feasibility is evaluation shall be final if  
 25 the study complies with the requirements of subsection (2).  
 26 (4)(3) A reuse feasibility study is not required if:  
 27 (a) The domestic wastewater treatment facility has an  
 28 existing or proposed permitted or design capacity less than  
 29 0.1 million gallons per day; or  
 30 (b) The permitted reuse capacity equals or exceeds the  
 31 total permitted capacity of the domestic wastewater treatment

1 ~~facility.~~ ~~The requirements of this section for such~~  
2 ~~evaluation shall apply to domestic wastewater treatment~~  
3 ~~facilities located within; serving a population located~~  
4 ~~within; or discharging within critical water supply problem~~  
5 ~~areas:~~

6 (5) A reuse feasibility study prepared under  
7 subsection (2) satisfies a water management district  
8 requirement to conduct a reuse feasibility study imposed on a  
9 local government or utility that has responsibility for  
10 wastewater management.

11 (6) Local governments may allow the use of reclaimed  
12 water for inside activities, including, but not limited to,  
13 toilet flushing, fire protection, and decorative water  
14 features, as well as for outdoor uses, provided the reclaimed  
15 water is from domestic wastewater treatment facilities which  
16 are permitted, constructed, and operated in accordance with  
17 department rules.

18 (7) Permits issued by the department for domestic  
19 wastewater treatment facilities shall be consistent with  
20 requirements for reuse included in applicable consumptive use  
21 permits issued by the water management district, if such  
22 requirements are consistent with department rules governing  
23 reuse of reclaimed water. This subsection applies only to  
24 domestic wastewater treatment facilities which are located  
25 within, or serve a population located within, or discharge  
26 within water resource caution areas and are owned, operated,  
27 or controlled by a local government or utility which has  
28 responsibility for water supply and wastewater management.

29 (8)(4) Local governments may and are encouraged to  
30 implement programs for the reuse of reclaimed water. Nothing  
31

1 in this chapter shall be construed to prohibit or preempt such  
2 local reuse programs.

3 (9) (5) A local government that implements a reuse  
4 program under this section shall be allowed to allocate the  
5 costs in a reasonable manner.

6 (10)(6) Pursuant to chapter 367, the Florida Public  
7 Service Commission shall allow entities under its jurisdiction  
8 which conduct studies or implement reuse projects, including,  
9 but not limited to, any study required by s. 403.064(2) or  
10 facilities used for reliability purposes for a reclaimed water  
11 reuse system, to recover the full, prudently incurred cost of  
12 such studies and facilities through their rate structure.

13 (11)(7) In issuing consumptive use permits, the  
14 permitting agency shall consider take-into-consideration the  
15 local reuse program.

16 (12)(8) A local government shall require a developer,  
17 as a condition for obtaining a development order, to comply  
18 with the local reuse program.

19 (13) If, after conducting a feasibility study under  
20 subsection (2), an applicant determines that reuse of  
21 reclaimed water is feasible, domestic wastewater treatment  
22 facilities that dispose of effluent by Class I deep well  
23 injection, as defined in 40 C.F.R. Part 144.6(a), must  
24 implement reuse according to the schedule for implementation  
25 contained in the study conducted under subsection (2), to the  
26 degree that reuse is determined feasible. Applicable permits  
27 issued by the department shall be consistent with the  
28 requirements of this subsection.

29 (a) This subsection does not limit the use of a Class  
30 I deep well injection facility as backup for a reclaimed water  
31 reuse system.

1 (b) This subsection applies only to domestic  
 2 wastewater treatment facilities located within, serving a  
 3 population located within, or discharging within a water  
 4 resource caution area.

5 Section 4. Section 403.1838, Florida Statutes, is  
 6 amended to read:

7 403.1838 Small Community Sewer Construction Assistance  
 8 Act.--

9 (1) This section may be cited as the "Small Community  
 10 Sewer Construction Assistance Act."

11 (2)(a) There is established within the Department of  
 12 Environmental Protection Regulation the Small Community Sewer  
 13 Construction Assistance Trust Fund.

14 (b) The department shall use the funds shall-be-used  
 15 by-the-department to assist financially disadvantaged small  
 16 communities with their needs for adequate sewer facilities.  
 17 For purposes of this section, the term "financially  
 18 disadvantaged small community" means a an-incorporated  
 19 municipality with a population of 7,500 35;000 or less,  
 20 according to the latest decennial census and a per capita  
 21 annual income less than the state per capita annual income as  
 22 determined by the United States Department of Commerce.

23 (3)(a) In accordance with rules adopted by the  
 24 Environmental Regulation Commission under this section, the  
 25 department may provide grants from the Small Community Sewer  
 26 Construction Trust Fund to financially disadvantaged small  
 27 communities for up to 100 percent of the costs of planning,  
 28 designing, constructing, upgrading, or replacing wastewater  
 29 collection, transmission, treatment, disposal, and reuse  
 30 facilities, including necessary legal and administrative  
 31 expenses. Grants shall-be-made-from-the-Small-Community-Sewer

1 Construction-Assistance-Trust-Fund-in-accordance-with-rules  
 2 adopted-by-the-Environmental-Regulation-Commission.--The  
 3 department-may-grant-up-to-\$3-million-to-any-small-community:

4 (b) The rules of the Environmental Regulation  
 5 Commission must:

6 1. Require that projects to plan, design, construct,  
 7 upgrade, or replace wastewater collection, transmission,  
 8 treatment, disposal, and reuse facilities be cost-effective,  
 9 environmentally sound, permissible, and implementable.

10 2. Require appropriate user charges, connection fees,  
 11 and other charges sufficient to ensure the long-term  
 12 operation, maintenance, and replacement of the facilities  
 13 constructed under each grant.

14 3. Require grant applications to be submitted on  
 15 appropriate forms with appropriate supporting documentation,  
 16 and require records to be maintained.

17 4. Establish a system to determine eligibility of  
 18 grant applications.

19 5. Establish a system to determine the relative  
 20 priority of grant applications. The system must consider  
 21 public health protection and water pollution abatement.

22 6. Establish requirements for competitive procurement  
 23 of engineering and construction services, materials, and  
 24 equipment.

25 7. Provide for termination of grants when program  
 26 requirements are not met.

27 (c) The department must perform adequate overview of  
 28 each grant, including technical review, regular inspections,  
 29 disbursement approvals, and auditing, to successfully  
 30 implement this section.  
 31

1 (d) The department may use up to 2 percent of the  
 2 grant funds made available each year for the costs of program  
 3 administration.

4 (e) Any grant awarded before July 1, 1994, under this  
 5 section, remains subject to the applicable department rules in  
 6 existence on June 30, 1993, until all rule requirements have  
 7 been met.

8 (4)--The Environmental Regulation Commission shall:

9 (a)--Require a 45-percent nonstate match; except that;

10 for a grant of less than \$50,000, the commission may waive all  
 11 or a part of the matching requirement:

12 1:--Where water quality standards have been exceeded by  
 13 an amount that constitutes an immediate health hazard; or

14 2:--In a community where the gross per capita income is  
 15 below the state average; as determined by the United States  
 16 Department of Commerce; and where sewer systems have failed to  
 17 meet department standards:

18 (b)--Require appropriate user charges and connection  
 19 fees sufficient to ensure the long-term operation and  
 20 maintenance of the facility to be constructed under any grant;

21 (c)--Require compliance with all water quality  
 22 standards;

23 (d)--Establish a system to determine eligibility and  
 24 relative priority for applications for grants by small  
 25 communities;

26 (e)--Require applications for grants to be submitted on  
 27 appropriate forms with appropriate supporting documentation;  
 28 require construction to be in accordance with plans approved  
 29 by the department; and require recordkeeping;

30 (5)--Any project satisfactorily planned and designed in  
 31 accordance with the requirements of the United States

1 Environmental Protection Agency is eligible for funding under  
 2 this act:

3 (6)--A grant may not be made unless the local  
 4 governmental agency assures the department of the proper and  
 5 efficient operation and maintenance of the project after  
 6 construction:--Revenue sufficient to ensure that the facility  
 7 will be self-supporting shall be generated from sources which  
 8 include; but are not limited to; service charges and  
 9 connection fees:--The revenue generated shall provide for  
 10 financing future sanitary sewerage capital improvements:--The  
 11 grantee shall accumulate; during the design life of the grant-  
 12 funded project; moneys in an amount equivalent to the grant  
 13 amount adjusted for inflationary cost increases:

14 (7)--Any local government agency which receives  
 15 assistance under this section shall keep such records as the  
 16 department prescribes; including records which fully disclose  
 17 the amount and disposition by the recipient of the proceeds of  
 18 such assistance; the total cost of the project; the amount of  
 19 that portion of the project supplied by other sources; and  
 20 such other records as will facilitate effective audit:--The  
 21 department and the Auditor General or any of their duly  
 22 authorized representatives shall have access; for the purpose  
 23 of audit and examination; to any books; documents; papers; and  
 24 records of the recipient that are pertinent to grants received  
 25 under this section:--Upon project completion; the local  
 26 government agency shall submit to the department a separate  
 27 audit; by an independent certified public accountant; of the  
 28 grant expenditures:

29 Section 5. (1) If federal funds become available for  
 30 a drinking water state revolving loan fund, the Department of  
 31 Environmental Protection may use the funds to make grants and

1 loans to the owners of public water systems, as defined in s.  
 2 403.852(2), and as otherwise authorized by the law making the  
 3 funds available. The department may adopt rules necessary to  
 4 satisfy requirements to receive these federal funds and to  
 5 carry out the provisions of this subsection. The rules shall  
 6 include, but not be limited to, a priority system based on  
 7 public health considerations, system type, and population  
 8 served; requirements for proper system operation and  
 9 maintenance; and, where applicable, consideration of ability  
 10 to repay loans.

11 (2) The department shall, by January 1, 1995, report  
 12 to the legislature the status of any drinking water state  
 13 revolving fund program authorized by federal law and shall  
 14 include in the report recommendations as to appropriate and  
 15 necessary statutory changes to govern its implementation.

16 Section 6. This act shall take effect upon becoming a  
 17 law.

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