**74:05:11:13.  Eligible use of funds.** Financial assistance may be awarded for projects included in the intended use plan for one or more of the following uses:

 (1)  Any one or more of the following items for establishing, upgrading, consolidating, or protecting the water source of drinking water works:

 (a)  Preparation of facilities plans or other planning documents and the DWSRF loan application;

 (b)  Engineering, architectural, legal, fiscal, environmental, or economic studies;

 (c)  Surveys, designs, plans, acquisition of land integral to the project, working drawings, specifications, equipment purchases, or other necessary actions for the erection, building, acquisition, alteration, or remodeling improvement;

 (d)  Construction of new drinking water works or the expansion of existing drinking water works;

 (e)  Operation and maintenance manual preparation;

 (f)  Operator startup training; or

 (g)  The purchase of another system's capacity pursuant to a consolidation plan to bring the system into compliance, if it is the most cost-effective solution for that system, when considering the buy-in fee and user fees;

 (2)  Refinancing existing debts if they were incurred after July 1, 1993, and if the debts were used to fund projects identified in subdivision (1) of this section. In addition, the projects must satisfy the statutory requirements contained in the Act;

 (3)  Guarantee or purchase insurance for local debt obligations;

 (4)  Interim financing of projects identified in subdivision (1) of this section; or

 (5)  Capitalized interest.

 **Source:** 23 SDR 195, effective May 25, 1997; 30 SDR 170, effective May 10, 2004; 33 SDR 106, effective December 26, 2006.

 **General Authority:** SDCL 46A-1-60.1 to 46A-1-60.3.

 **Law Implemented:** SDCL 46A-1-60.1 to 46A-1-60.3.