The Sewer Rate Relief Fund operates under the provisions of Chapter 29 §2Z of the General Laws. The Fund was created in 1993 to mitigate escalating costs of sewer service in the Commonwealth. Awards were based on “eligible debt service” and were calculated at up to 20% of debt service.

In FY94, over $20 million was awarded, increasing to over $60 million in FY02. In FY03, no funds were disbursed. In FY04, $5 million was appropriated and in FY05, $10 million is appropriated. Consequently, we anticipate awards this fiscal year will be in the range of 3% of eligible debt service.

Details of the program are unchanged. Eligible debt service is defined as:

- permanent debt issued on or after January 1, 1990 for a term greater than five years,
- for water pollution control projects,
- projects which received state grants are ineligible,
- projects financed through MWPAT are generally ineligible.

The Division of Local Services administers the program in consultation with the Department of Environmental Protection. Applications should be submitted using the attached form and returned by Friday, September 10, 2004 to William C. Meehan, at the address below. Mr. Meehan’s telephone is (617) 626-2382.

We are including the proposed use of award funds on the application as in FY04, rather than asking for the proposed use after the awards have been made, in an effort to simplify operation of the program.
Massachusetts Department of Revenue       Division of Local Services
COMMONWEALTH SEWER RATE RELIEF FUND

APPLICATION FOR FY2005 DISTRIBUTION

_______________________________________
City/Town/District/Authority

A. RECORD OF ELIGIBLE INDEBTEDNESS:

List permanent debt issued for more than five years (i.e., do not list bond anticipation notes) on or after January 1, 1990 wholly or in substantial part to finance or refinance the costs of planning, design, or construction of any water pollution control project or part thereof required to meet the provisions of the Federal Water Pollution Control Act (33 USC, sec. 1251 et seq.) and secs. 26 to 53 inclusive of M.G.L. Ch. 21 or any wastewater collection or transportation project related thereto. Attach additional sheets if needed.

Any project for which state grants were received is ineligible. Projects financed through the Mass. Water Pollution Abatement Trust are also ineligible unless the total debt issued through MWPAT exceeded $50,000,000 on June 30, 1995.

<table>
<thead>
<tr>
<th>Purpose (description and location of work)</th>
<th>Issue Date</th>
<th>Original Amount*</th>
<th>FY2005 Debt Service*</th>
<th>Grants Received?</th>
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</table>

Total FY2005 Debt Service $____________________

*Attach a debt service schedule for the life of the bonds unless submitted previously.
B. USE OF AWARD PROCEEDS:

Describe briefly how the award, if any, will be used to reduce rates in the current or future years, or finance capital projects which would otherwise be financed through borrowing.

C. CERTIFICATION:

We certify that the above listed debt was issued on or after January 1, 1990 for a term greater than five years to finance or refinance the costs of planning, design or construction of a water pollution control project or part thereof required to meet the provisions of the Federal Water Pollution Control Act (33 USC, secs. 1251 et seq.) and secs. 26 to 53 inclusive of M.G.L. Ch. 21.

Mayor _____________________________ Exec. Director _____________________________
Manager _____________________________ Commissioners _____________________________
Selectmen _____________________________ _____________________________
                                                                                     _____________________________
Treasurer _____________________________ Phone _____________________________
                                                                                     _____________________________
                                                                                     Fax _____________________________

D. Return by Friday, September 10, 2004 by mail or fax:

Division of Local Services
Attn: William C. Meehan, Supervisor of Public Finance
P.O. Box 9569
Boston, Mass. 02114-9569 Fax (617) 626-3916