

Broward County Environmental Services
 Bryan and Caldwell
 Canna Dresser Fickie Inc.
 Carter & VerPlank, Inc.
 Charlotte County
 City of Atlantic Beach
 City of Boca Raton
 City of Clearwater
 City of Cocoa Beach
 City of Fort Lauderdale
 City of Holly Hill
 City of Key West
 City of Ocala
 City of Orlando
 City of Pompano Beach
 City of Sarasota
 City of St. Petersburg
 City of Sunrise Utilities
 City of Tallahassee



UTILITY COUNCIL

City of Tampa
 City of Vero Beach
 City of West Palm Beach
 Clay County Utility Authority
 East Central Regional Board
 EWA Services, Inc.
 Fort Pierce Utilities Authority
 Hartman & Associates Inc.
 Hagan and Sawyer, P.C.
 Hillsborough County Public Utilities Department
 JEA
 Knobloch Department of Water Resources
 Lewis, Longman & Walker, P.A.
 Manatee Co. Utilities & Solid Waste Department
 Manatee County Water & Sewer
 NAC Environmental, Inc.
 Orange County Utilities
 Palm Beach County Water Utilities
 PWSA
 Pinellas County Utilities
 PIN Group
 Sarasota County Utilities/Environmental Services
 South Central Regional Wastewater Board

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Letter to President

At the age of five it can be safely said the Utility Council has survived our startup phase. As many know, the majority of organizations do not survive their early years for a whole host of reasons. We can point to the strength of our membership, the Board, and the shared vision as playing a key role in our success. Purpose and desire have helped us organize to serve the industry, and by extension, our customers.

Now we are entering adolescence and our challenges are different and changing. There has been an increased need for the Utility Council to be actively engaged in the regulatory arena including policy development, rulemaking, and even challenging the status quo. Success in these arenas comes from being recognized as technical and operational experts in the industry. I want to thank each of you who have lent their vast talents, knowledge, and expertise to our many initiatives. Your efforts have assisted in interjecting an industry perspective where previously none was recognized.

The thrust of our effort over the past year has been in developing effective policies, regulations, and legislation. We have raised the bar through collaborating with like-minded organizations, and educating those who will have an impact on the issues facing the industry and our customers. We have done this to effect sound decisions and policy development. Many of the issues we wrestled with this past year will follow us into the next year. The Board and the Work Groups have been busy and quite effective. Provided in this annual report is a brief recap of some of the issues where the Utility Council is making its mark.

With all the regulatory activity outlined in this report, it seemed evident our counterparts in the regulatory environment had a leg up on those they regulated. Their access to legislators seemed to be the advantage. The Utility Council took a large step forward this year in trying to raise its profile in the state legislative arena. As a means to educate and get our positions out on several key issues surrounding the water environment, legislative positions were developed, and through the expertise of our legal counsel Hopping, Green and Sams, legislation was crafted incorporating those changes to Florida laws that the Utility Council believes will provide for a more sound and workable regulatory environment for our industry and customers. The bill has sponsors in the House and Senate and is currently being shepherded through the legislative process as part of the 2003 regular session of the Florida Legislature. The bill covers water and wastewater issues of interest to members. While we are working diligently for its passage, if it does not pass in its entirety at least we have taken an important first step to educate decision makers on the issues affecting our industry and our perspective on these issues.

Well it does not take much to see we have a full plate with no real clear break in sight. I urge you to get involved and ask others to come join us in our efforts to be effective stewards of the water environment. It is one way to be plugged into what is going on at the State level while bringing enlightenment and pragmatism to the process.

*Christian Staubus,
President, FWEA Utility Council*

2002 Review

WATER QUALITY

The Council continues to be extensively involved in regulatory and other activities surrounding Florida's implementation of the TMDL program required under the federal Clean Water Act. In 1999, the Council lobbied for the passage of the Florida Watershed Restoration Act, which determines how The Florida Department of Environmental Protection (FDEP) will enforce this federal program. A FWEAUC representative also participated as a member of the Allocation TAC created pursuant to Section 403.067(6), Florida Statutes. That TAC finalized and submitted its findings to the Florida Legislature and other policymakers.

In addition, the Council has actively participated in the rulemaking activities of FDEP to create Chapter 62-303, F.A.C., which establishes the methodology and associated criteria by which surface waters will be listed as "impaired" under the TMDL program. The FWEA, through the Utility Council, specifically retained Hopping Green & Sams, P.A., to represent its interests, including participation in the rule adoption hearing in April 2001 before the Environmental Regulation Commission.

Since that time, FWEA participated as a party intervenor in support of the agency rule chapter in a legal proceeding initiated by environmental groups to invalidate the rule. The judge in that case issued an opinion upholding the positions of FDEP, FWEAUC, and other industry stakeholders on the validity of the rule. FWEAUC has actively participated in the appeal from that decision that has been taken by the environmental groups. Parties have been briefed in that appellate proceeding and oral argument is set for May, 2003. In addition, the FWEAUC has been actively monitoring and recently positioned to intervene in the Clean Water Act citizen's suit brought by the same groups plus the National Sierra Club. In that case, these groups are challenging FDEP's Chapter 62-303, F.A.C. as a state water quality criterion requiring U.S. Environmental Protection Agency (EPA) approval. That case is currently being defended by EPA and FDEP to intervene. FWEAUC and other industry groups will seek intervention in that federal District Court proceeding.

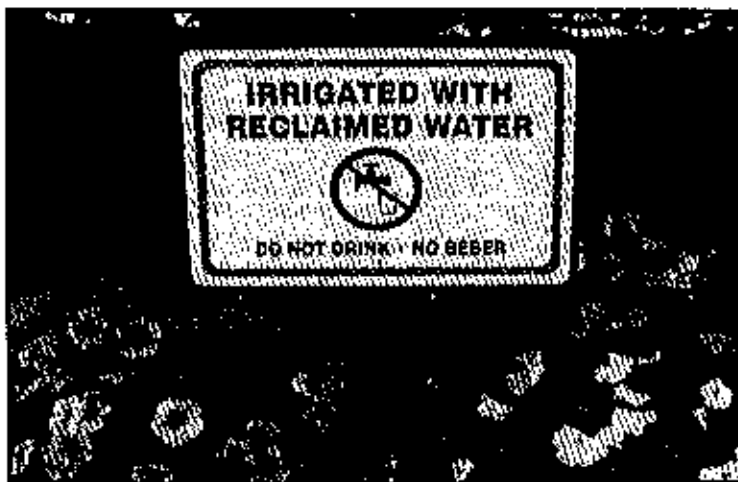


REUSE

Efforts of the Reuse Work Group have continued to be focused on the activities of the Florida Water Conservation Initiative (FWCI) which became active with the first public meeting on June 29, 2001.

The focus of this state initiative was to identify water conservation measures which could be pursued in six identified areas: agricultural irrigation, non-agricultural irrigation, indoor water use, industrial/commercial and institutional water use, conservation water pricing, and reclaimed water reuse. Representatives of the FWEAUC Reuse Work Group participated and provided input throughout the FWCI process.

The FDEP, through the state water management districts, established six working groups to receive input from participants in the FWCI. The groups synthesized comments and suggestions provided through the process and developed water conservation recommendations. The Work Groups are tasked with preparing reports for FDEP which identified water conservation strategies, prioritized by amount of water saved, cost effectiveness and ease of implementation. A copy of the draft FWCI report was issued by FDEP in November 2001 and finalized in April 2002.



The Reuse Work Group has been active in promoting legislation introduced by FWEAUC in the 2003 Florida Legislature regarding determination of feasibility of reuse for applicants seeking domestic wastewater treatment facility construction or operation permits. The Reuse Work Group will continue to work on this legislative effort.

DEEP WELL INJECTION

The Deep Well Injection Work Group of FWEAUC continues to closely monitor deep well injection issues. In the July 2000 Federal Register, EPA published a proposed rule entitled, "Revision to the Federal Underground Injection Control (UIC) Requirements for Class I Municipal Wells in Florida." The proposed rule acknowledged the Utility Council's long-held position: fluid movement should not be grounds for elimination of injection well technology; protection of underground sources of drinking water should be the key aspect of injection well permitting.

While the proposed rule represented a fundamental shift in EPA's position, it nevertheless would impose some severe, vague requirements prior to allowing utilities with fluid movement to continue injection operation. Among numerous concerns, the Work Group had the following major comments that were provided to FDEP and EPA staff:

- The proposed rule would only apply to existing injection facilities.
- Nutrient removal, enhanced BOD removal, and filtration would be required. For the deep injection process, these treatment processes do not provide any benefit to human health or the environment.
- The proposed rule is unnecessarily vague and require compliance with undefined health standards.

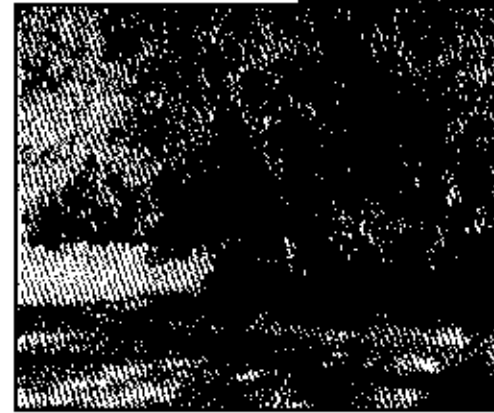
The Work Group participated in the study "Assessment of Relative Risks of Human and Ecological Impacts From Municipal Wastewater Disposal Methods in South-eastern Florida" conducted by the University of Miami. The final results of the study issued were in 2001 and indicate that health risks from deep well injection are significantly lower than risks from other available disposal methods. The Work Group is waiting for the release of the EPA "Risk Assessment Study" due in 2003 before determining a future course of action.

INFRASTRUCTURE

The Infrastructure Work Group continues to monitor regulatory developments on the proposed amendments to Chapters 62-604 and 62-555, F.A.C. These chapters deal with the permitting, construction, operation, and maintenance of wastewater

/transmission and public water systems. FDEP is currently revising them. Both the Council and the Florida Section of the American Water Works Association Utility Council expressed interest in modifying the requirements in the rules for the physical separation of water, wastewater, stormwater, and reclaimed piping. Resolutions from the board of directors from both organizations supporting changes to the minimum separation between the various piping were submitted to the FDEP in early 2000.

Specifically, both utility councils support the reduction of the horizontal separation of potable water from sanitary sewer, and stormwater piping from 10 feet to 3 feet. A companion reduction in the vertical distance from 18 inches to 6 inches was also requested. In the



proposed rule revisions, FDEP has proposed an alternative position where the minimum distances between water mains and

sanitary vacuum sewers, storm sewers or reclaimed water pipelines should be 3 feet, and the separation between water mains and gravity sanitary mains sewer is 6 feet. FDEP has also proposed an alternative vertical separation of water mains which should be 6 inches above or 12 inches below gravity or vacuum sanitary sewers, and water mains should be 12 inches above or below force mains or reclaimed water pipelines.

The introduction of the federal CMOM program has created a renewed interest in upgrading wastewater infrastructure. Although the federal administration had placed this proposed regulation on hold pending an administrative review of controversial issues, promulgation of this regulation is back on track. Input from the regulated community is again being considered for the final rule which is now anticipated in early 2004. This rule will impact all utilities regarding maintenance of sound infrastructure and legal implications for failure to have a planned and documented program. This Utility Council Work Group will continue to monitor these initiatives and the resulting impact.