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## **Rincon del Diablo Municipal Water District and Poseidon Resources Announce Water Purchase Agreement**

**Escondido, CA** – The Rincon del Diablo Municipal Water District (Rincon) and Poseidon Resources Corporation (Poseidon) announce Rincon’s approval of a Water Purchase Agreement involving the Carlsbad desalination plant. Following Carlsbad and Valley Center, Rincon is the third San Diego County water district to reach a water purchase agreement with Poseidon. Together, water purchase agreements with the three water districts account for 58% of the plant’s total output.

Under the agreement with Rincon, Poseidon will provide 4,000 acre-feet per year of water from its Carlsbad desalination plant. Poseidon is building a 50-million gallon-per-day (56,000 acre-feet annually) desalination plant at the site of the Encina Power Station in Carlsbad. The proposed \$270 million desalination project is scheduled to be completed by 2009.

In existence for over fifty years, Rincon provides drinking water and recycled water to the greater Escondido Valley. Rincon’s board of directors unanimously approved the Water Purchase Agreement at its regularly scheduled Tuesday meeting.

Poseidon’s Carlsbad desalination plant represents a significant new and locally controlled supply of water,” said Rincon’s President John B. Hinrichs. “Diversifying our water supply in anticipation of future droughts is part of the District’s forward-thinking water reliability strategy,” said Hinrichs.

“Rincon is now ensured a drought-proof supply of water,” said Poseidon Senior Vice President Peter MacLaggan. “Rincon is the third San Diego County water district to sign a water purchase agreement, guaranteeing that the benefits of the desalination plant will be spread more broadly across the region,” said MacLaggan.

Highlights of the Water Purchase Agreement include:

- ❑ Rincon will receive 4,000 acre-feet per year of drinking water over a 30-year period, with the unilateral option to extend the Agreement for two additional 30-year terms.
- ❑ Rincon’s price of water paid to Poseidon will not exceed that which would have been paid for the imported water supply from the San Diego County Water Authority.
- ❑ Poseidon will be responsible for all costs and risks associated with the financing, development, construction, and operation of the plant.
- ❑ The water will meet or exceed all drinking water regulatory standards under the law, and Rincon will never be obligated to accept or pay for water that does not meet the quantity, quality, and reliability standards specified in the Agreement.
- ❑ Water deliveries will be indirect via exchange arrangements with another water agency or city for in-lieu deliveries.

Located in northern San Diego County, Rincon encompasses 26,760 acres (42 square miles), and serves potable and recycled water to approximately 28,000 people through its two Improvement Districts. Its service area is located partially within the cities of Escondido, San Marcos, and San Diego, and within various unincorporated areas of San Diego County.

Poseidon Resources specializes in developing and financing water infrastructure projects, primarily seawater desalination and water treatment plants. These projects are implemented through innovative public-private partnerships in which private enterprise assumes the developmental and financial risks.