



Claude “Bud” Lewis Carlsbad Desalination Plant

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Credit Analysis Affirms Carlsbad Desalination Plant is Financially Strong

Innovative Public-Private Partnership Creates Reliable Water Supply for Region

Carlsbad, CA (October 7, 2019) – The Claude “Bud” Lewis Carlsbad Desalination Plant maintains an investment grade rating in the latest report from Fitch Ratings, affirming the plant’s sound financial management and its ability to provide a stable, reliable source of drinking water to the San Diego region. As the largest, most technologically advanced and energy-efficient desalination plant in the nation, the Carlsbad Desalination Plant’s revenue stability stems from an effective collaboration between Poseidon Water and the San Diego County Water Authority.

“We are pleased by the acknowledgement that the Carlsbad Desalination Plant continues to be financially strong,” said Carlos Riva, CEO of Poseidon Water. “The plant is meeting all financial obligations and making debt service payments on schedule. The benefits of the public-private partnership are working exactly as intended to protect the Water Authority and its customers.”

The Fitch Ratings report said: “Water deliveries reached a historic high of 45,000 AF in CY 2019, increasing by 10% over the prior year’s output.” Fitch also noted that new technological innovations, including the construction of a stand-alone pumping station, will further improve future outlooks at the Carlsbad plant.

Fitch said it expects the plant to achieve future performance goals due in part to the San Diego Regional Water Quality Control Board’s approval in May allowing for an increase in the facility’s average annual production capacity from 54 million gallons per day to 60 million gallons per day.

The Carlsbad facility has received numerous national and international awards since Poseidon and the Water Authority opened the plant as a public-private partnership (P3) in December 2015 (www.carlsbaddesal.com/uploads/1/0/0/4/100463770/carlsbad_awards.pdf). The P3 approach allowed the Water Authority to develop new, capital-intensive, public-serving infrastructure without incurring debt or negatively affecting bond ratings, a fact recognized in 2016 when S&P raised the Water Authority’s credit rating to AAA citing, in part, the successful delivery of the Carlsbad facility.

“Our partnership with Poseidon will continue to provide the San Diego region with a climate-resilient and highly reliable source of high-quality drinking water,” said Jim Madaffer, chair of the Water Authority’s Board of Directors. “We can serve more than 400,000 residents a day with water produced by the Carlsbad Desalination Plant, thanks to stable financing and technological advancements. The Water Authority’s most recent public opinion survey confirms San Diegans overwhelmingly support investments in water reliability to sustain our economy and quality of life.”

The U.S. Environmental Protection Agency also has recognized the critical value provided by the Carlsbad Desalination Plant. Senior U.S. EPA officials visited the plant in September to learn about the vital role of public-private partnerships in water reliability. “This plant is a great example of what is possible when the private and public sector work together to utilize the latest technologies in water treatment,” according to the USEPA’s blog.

For more information, go to the plant website, carlsbaddesal.com, or to the Water Authority’s website, sdcwa.org.

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The San Diego County Water Authority sustains a \$231 billion regional economy and the quality of life for 3.3 million residents through a multi-decade water supply diversification plan, major infrastructure investments and forward-thinking policies that promote fiscal and environmental responsibility. A public agency created in 1944, the Water Authority delivers wholesale water supplies to 24 retail water providers, including cities, special districts and a military base.

Poseidon Water is a private company that partners with public agencies to deliver water infrastructure projects. The company's primary focus is developing large-scale reverse osmosis seawater desalination plants implemented through innovative public-private partnerships in which private enterprise assumes the developmental and financial risks. For more information on Poseidon visit Poseidonwater.com. For more information on Poseidon’s Huntington Beach desalination plant visit the project website at HBfreshwater.com.