

August 2, 2016

Mr. Kurt V. Berchtold
Executive Officer
California Regional Water Quality Control Board, Santa Ana Region
3737 Main Street, Suite 500
Riverside, CA 92501-3348

Dear Kurt:

Subject: Huntington Beach Desalination Project - Amendment & Renewal of Order No. R8-2012-0007, NPDES No. CA8000403 and California Water Code Section 13142.5(b) Compliance Determination

I am writing to confirm receipt of your July 29, 2016 letter regarding the status of Poseidon's application to the Santa Ana Regional Water Quality Control Board (RWQCB) for amendment and renewal of Order No. R8-2012-0007, NPDES No. CA8000403 and the California Water Code Section 13142.5(b) compliance determination for the proposed Huntington Beach Desalination Project (Project).

Poseidon appreciates the substantial efforts by the RWQCB and State Water Board staffs in reviewing the Project since the interagency consultation process was formally initiated in February 2016. As your July 29 letter acknowledged, the consultation process has resulted in further refinements to the Project, ensuring that a common Project description will be considered by future permitting and regulatory agencies, including the California Coastal Commission at its planned September Project hearing. Furthermore, we appreciate and agree with the Regional Water Board's decision to consolidate the amendment and renewal of Order No. R8-2012-0007, NPDES No. CA8000403 and the Water Code Section 13142.5(b) compliance determination into a single proceeding.

Moving forward, as your letter acknowledged, much of the information that the RWQCB is interested in may have already been provided by Poseidon. This is particularly true of the alternative site analysis, which concludes there are no nearby sites that are available to Poseidon where development of a desalination plant could be accomplished in a successful manner in a reasonable period of time.

Finally, the CEQA analysis being conducted by the Orange County Water District ("OCWD"), which is related to its regional groundwater system and not the Project, has

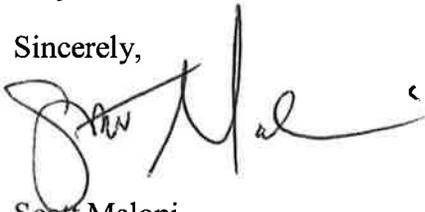
Poseidon Water LLC

5780 Fleet Street, Suite 140 Carlsbad, California 92008 Phone: (760) 655-3900 Fax: (760) 655-3901
www.poseidonwater.com

no bearing on the RWQCB's permitting process and schedule. As plainly stated on OCWD's website: "OCWD does not have regulatory oversight of the Huntington Beach project. ... OCWD is not responsible for the environmental review or approval of the [Project]." (*Regulatory process and next steps*, available at <http://www.ocwd.com/learning-center/ocean-desalination/regulatory-process-and-next-steps/>). If the RWQCB staff continues to have questions about OCWD's own planned internal distribution system and CEQA analysis, then we would be happy to facilitate a phone conference with the respective agencies to finally address this issue.

We look forward to our ongoing collaboration on the Huntington Beach Desalination Project.

Sincerely,



Scott Maloni
Vice President

cc:

Jonathan Bishop, Chief Deputy Director, State Water Resources Control Board,
Jonathan.Bishop@waterboards.ca.gov

Karen Larsen, Deputy Director of the Division of Water Quality, State Water Resources Control Board, Karen.Larsen@waterboards.ca.gov

David Rice, State Water Resources Control Board- Office of the Chief Counsel,
David.Rice@waterboards.ca.gov

Phil Wyels, State Water Resources Control Board - Office of the Chief Counsel,
Philip.Wyels@waterboards.ca.gov

Milasol Gaslan, Santa Ana Regional Water Quality Control Board,
Milasol.Gaslan@waterboards.ca.gov

Kathleen Fong, Santa Ana Regional Water Quality Control Board,
Kathleen.Fong@waterboards.ca.gov

Hope Smythe, Santa Ana Regional Water Quality Control Board
Hope.Smvthe@waterboards.ca.gov

Claire Waggoner, State Water Resources Control Board,
Claire.Waggoner@waterboards.ca.gov

Kimberly Tenggardjaja, State Water Resources Control Board,
Kimberly.Tenggardjaja@waterboards.ca.gov

Poseidon Water LLC

5780 Fleet Street, Suite 140 Carlsbad, California 92008 Phone: (760) 655-3900 Fax: (760) 655-3901
www.poseidonwater.com

Daniel Ellis, State Water Resources Control Board,

Daniel.Ellis@waterboards.ca.gov

Tom Luster, California Coastal Commission,

Tom.Luster@coastal.ca.gov

Cy Oggins, State Lands Commission,

Cy.Oggins@slc.ca.gov

Mike Markus, General Manager Orange County Water District

MMarkus@ocwd.com

Cathy Green, Board President Orange County Water District

cgreen@ocwd.com