

**Tule Hydro LLC**  
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Federal Energy Regulatory Commission  
Office of Energy Projects

*RE: Response to September 7, 2022 letter from FERC re: Project No. 1333-066,  
California Tule River Hydroelectric Project for Additional Information for  
Transfer of License*

To Whom it May Concern,

This letter is in response to FERC's September 7, 2022 Additional Information Request ("Information Request") regarding the Tule River Hydroelectric Project (Project No. 1333-066) (the "Tule Project"). Our responses are outlined and numbered in accordance with the numbers set forth in the Information Request. We respectfully request that the attached documents remain **confidential**.

1. *Please explain the connection between Mr. Sorenson and the transferee, and file supporting documentation:*

a. Tule Hydro LLC is a Utah limited liability company that is owned 95% by Sorenson Tule LLC, a Utah limited liability company, and 5% by The Daniel K. and Gail L. Batdorf 2010 Trust. *See attached K-1s.*

b. Sorenson Tule LLC, is owned 50% by The Gayle A. Sorenson Legacy Trust dated December 23, 2020; 30% by The Ted S. Sorenson Legacy Trust dated October 29, 2021; and 20% by Ted S. Sorenson, individually. *See attached K-1s.*

2. *Please provide information, and agreements if available, to demonstrate that Ted Sorenson (as an individual), Sorenson Engineering, or its affiliates have committed to provide resources to the newly-formed Tule Hydro to operate and maintain the project under the terms and conditions of the license and repair and restore the project as directed by the Commission. Please also clarify who will manage the project.*

Ted S. Sorenson and his wife, Gayle A. Sorenson, individually and through beneficial trusts, are the majority, controlling investors in Tule Hydro LLC and have a direct financial interest in seeing the Tule Project succeed. The Sorensens are also controlling investors in all of the projects previously listed in Exhibit B to the original Joint Application for Approval of Transfer of License for the Tule Project (the "License Application"). The Sorenson have already and will continue to use surplus proceeds from these other projects to reinvest into Tule Hydro LLC and ensure that the Tule Project will be restored to operations on a long-term basis.

The Sorensons have a history of long-term ownership and operation of hydro facilities, as is shown by the list of projects in Exhibit B to the License Application. Further and more specifically, Tule Hydro has the following committed resources for the Tule Project, which are sufficient per the pro forma described below for the restoration and ongoing operations of the Tule Project: (a) per the attached confidential letter from the Bank of Idaho, the Tule Hydro LLC bank account has a current balance of \$3,170,454.64, which will remain in the account and will only be used for Tule Project expenses; (b) per the attached confidential letter of commitment from Northwest Farm Credit Services; the Sorenson have access to significant additional funding if necessary, with \$1,500,000 of this funding to be exclusively reserved for repair, restoration, maintenance, and operation of the Tule Project; and (c) the revenues from anticipated power sales, per the description below. As illustrated by the Capital Cost estimate, this access to nearly \$5,000,000 in immediately available funds is well above the estimated capital cost, which already has a 15% contingency of approximately \$470,000 built into the estimate.

Further, Ted S. Sorenson, P.E. is the principal and owner of Sorenson Engineering, Inc., which provides consulting and design services for hydro developer/owners and management services for many of the hydroelectric projects owned by the Sorensons. There are three civil engineers amongst the employees of Sorenson Engineering, Inc., and Sorenson Engineering includes in-house legal and accounting expertise. Sorenson Engineering, Inc. has also recently hired an electrical engineer, who will begin within the next two months. As the principal, Ted S. Sorenson, P.E. can and does direct the employees in the restoration and ongoing maintenance of the various hydroelectric projects owned/operated by the Sorensons.

*3. (a) Please provide capital cost estimates related to the repair and restoration of the project and operating cost estimates once the project is returned to service.*

Please see the attached Capital Cost estimate for the Tule Project, estimating a total remaining capital cost of \$3,097,402 (with \$507,734 spent to-date of a total budget of \$3,605,136). In addition, please see the September 19, 2022 letter from Mike Schonherr, Director of Generation Strategy at PG&E, validating this cost estimate, explaining PG&E's evaluation of Tule Hydro and Ted S. Sorenson's financial and other capabilities, and describing PG&E's experience with the Sorensons on the Kern River hydroelectric facility. In addition, please see the attached estimated annual ongoing operations costs together with estimated gross annual revenue.

*(b) Please provide information, and agreements if available, to demonstrate that Sorenson Engineering or its affiliates has committed financial resources to Tule Hydro that covers the estimated capital costs to repair and restore the project as directed by the Commission. Provide cash flow estimates that would cover the costs of operating and maintaining the project under the terms and conditions of the license.*

Please see the response to Question 2 above and the referenced attachments for an explanation of the resources committed to the Tule Project.

*(c) Please provide estimated revenue from the sale of power and other products once the project is operational. In addition, clarify whether existing power purchase agreements and other sales agreements are still effective and whether Tule Hydro intends to pursue new agreements, and if so, provide an update on those negotiations.*

Tule Hydro had an agreement with Marin Clean Energy (“MCE”) in early 2020 for the sale of energy, Renewable Energy Credits (RECs), and capacity attributes from the Tule Project for a set price of \$47 per MWh for a 10-year term. However, due to delays related to PG&E’s internal and external processes, the timing milestones in the agreement were not satisfied and MCE cancelled the agreement. Since that time, Tule Hydro has been in active negotiations with MCE and several other offtakers for the energy and other attributes for the Tule Project. The Sorensons have a history of successfully selling energy and other attributes into the California and CAISO markets with the Kern and Upper and Lower Haypress projects. The Sorensons have a lengthy list of contacts and are confident that they will be able to execute a favorable power sales agreement for the Tule Project that will provide sufficient resources to fund ongoing operations and secure a return on the Sorensons’ capital investment.

To that end, please see the attached letters of interest from Shell Energy and Karbone, Inc., both of which envision a sale of energy into the California ISO’s (“CAISO”) day-ahead energy market and a value per MWh for the RECs associated with the Tule Project. Shell proposes \$12 per REC and Karbone proposes between \$16.50 and \$18 per REC.<sup>1</sup> The day-ahead CAISO energy market is a robust energy market that covers a large part of California’s geographic territory for energy sales. Being a relatively firm resource allows hydroelectric power plants to submit energy estimates into the market and receive payment through the CAISO for the needs of load serving entities throughout the state. Our revenue estimates contained in the attached estimated cash flow statements reflect our analysis of day-ahead pricing for the last several years in addition to the REC prices associated with the letters of interest we received. This structure is typical of many California contracts.<sup>2</sup> Based on our projections of the CAISO day ahead market and the pricing contained in the letters of interest, we expect to receive between approximately \$73 and \$78 per MWh at an estimated 22,764 MWh of generation annually.

*4. Please clarify how much of the line of credit is reserved or will be reserved to repair, restore, operate, and maintain the Tule River Project.*

Per the attached letter from Northwest Farm Credit Services and as explained in Answer 2 above, the Sorensons have access to total commitments of \$3,665,000 and \$1,500,000, the latter of which is exclusively reserved for repair, restoration, maintenance, and operation of the Tule Project.

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<sup>1</sup> Each REC represents one MWh of generation.

<sup>2</sup> Note that our original agreement with MCE included the sale of capacity attributes. Because the Tule Project has been offline for several years, the Tule Project does not currently qualify to sell capacity attributes. However, we are working to restore the Tule Project’s capacity designation, which will likely bring additional annual revenue to the Tule Project in the next 1-3 years.

We appreciate and welcome the Commission's questions and consideration of the License Application. We are prepared to answer any additional questions or concerns that the Commission may have and look forward to restoring the Tule Project to operations as soon as possible to contribute to California's substantial and growing need for stable, clean, renewable energy.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted S. Sorenson". The signature is fluid and cursive, with the first name "Ted" being the most prominent.

Ted S. Sorenson, P.E.  
Tule Hydro LLC  
Sorenson Engineering, Inc.