

060658-EI

# REDACTED EXHIBIT B

CMP \_\_\_\_\_

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CTR 023

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**REDACTED PORTIONS OF  
DONNA DAVIS DIRECT TESTIMONY**

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# CONFIDENTIAL

1 by New River Synfuel LLC for the period 2000 to 2005 for all synfuel sales  
2 to all utilities and other customers were [REDACTED]. The total tax credits  
3 claimed by New River Synfuel LLC for the same period for synfuel sales to  
4 Crystal River were [REDACTED], with operating losses of [REDACTED], for a  
5 net total tax credit claim of [REDACTED].

6 When the [REDACTED] net tax credit claimed on New River synfuel  
7 sales to Crystal River from 2000 to 2005 is compared to the \$1.25 billion  
8 value of all synfuel tax credits claimed on all synfuel sales by Progress  
9 Energy over the same time period --- which Mr. Sansom says at page 26,  
10 lines 9-10 of his testimony was reported by Argus Coal Daily --- the  
11 insignificance of the tax credits on synfuel sales to Crystal River is self  
12 evident. They account for less than [REDACTED] percent of the total tax credits. As a  
13 result, there is no basis in fact for anyone to suggest that synfuel tax credits  
14 influenced in any way the purchasing decisions for CR4 and CR5.

15  
16 **Q: Are you familiar with something referred to as “twist” arrangements**  
17 **involving synfuel?**

18 **A:** Yes. A “twist” arrangement is where PFC has stepped into the middle of a  
19 coal contract. Someone has a contract for coal and PFC steps in the middle  
20 and the coal is made into synfuel and sold to the end user as synfuel at a \$1 to  
21 \$2 discount. As a result of such an arrangement, the end user, in the case of  
22 Crystal River, the ratepayers, benefit as they have paid less than they would  
23 have paid had PFC not done the twist deal.