

DRAFT

ROCK-TENN

SUMMARY OF FUEL AND TECHNOLOGY COSTS

| Fuel Type | 50% Oil 50% Natural Gas | 75% Oil 25% Natural Gas | 100% Oil 0% Natural Gas | 0% Oil 100% Firm Gas | Wood Biomass | Wood Biomass | Wood Biomass | RDF |
|---|-----------------------------|----------------------------|----------------------------|-------------------------|---------------------|---------------------|---------------------|---------------------|
| Boiler Technology | Base Case - Existing System | | | | Fluidized Bed | Fluidized Bed | Gasification | Fluidized Bed |
| Boiler Size (klb/hr) | | | | | 275 | 195 | 275 | 275 |
| Total Energy Output (MMBtu/yr) | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Efficiency Percentage | 79% | 79% | 79% | 79% | 75% | 75% | 79% | 78% |
| Total Energy Input (MMBtu) | 2,531,646 | 2,531,646 | 2,531,646 | 2,531,646 | 2,666,667 | 2,666,667 | 2,531,646 | 2,564,103 |
| Wood Fuel % | 0.0% | 0.0% | 0.0% | 0.0% | 95.0% | 85.0% | 95.0% | 0.0% |
| RDF % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 88.0% |
| Natural Gas % | 50.0% | 25.0% | 0.0% | 100.0% | 5.0% | 15.0% | 5.0% | 12.0% |
| No. 6 Fuel Oil % | 50.0% | 75.0% | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Wood Fuel (MMBtu) | 0 | 0 | 0 | 0 | 2,533,333 | 2,266,667 | 2,405,063 | 0 |
| Wood Fuel (Tons @ 9 MMBtu/Ton) | 0 | 0 | 0 | 0 | 281,481 | 251,852 | 267,229 | 0 |
| RDF (MMBtu) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,256,410 |
| RDF (Tons @ 11 MMBtu/Ton) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 205,128 |
| Natural Gas (MMBtu) | 1,265,823 | 632,911 | 0 | 2,531,646 | 133,333 | 400,000 | 126,582 | 307,692 |
| No. 6 Fuel Oil (MMBtu) | 1,265,823 | 1,898,734 | 2,531,646 | 0 | 0 | 0 | 0 | 0 |
| Total Project Costs (\$2010) | | | | | \$141,634,000 | \$126,688,000 | \$137,863,000 | \$213,490,000 |
| Total Capital Costs (\$2010) | | | | | \$108,098,000 | \$96,663,000 | \$105,213,000 | \$170,269,000 |
| Total COI, Cap Interest and Reserves (\$2010) | | | | | \$33,536,000 | \$30,025,000 | \$32,650,000 | \$43,221,000 |
| Revenue Bond Interest Rate | | | | | 9.00% | 9.00% | 9.00% | 7.50% |
| Annual Debt Service | | | | | \$15,515,505 | \$13,878,224 | \$15,102,406 | \$20,941,702 |
| Annual Net Financial Costs (\$2012) | | | | | \$15,121,863 | \$13,526,040 | \$14,719,256 | \$20,446,016 |
| Financial Cost Per MMBtu (Output) | | | | | \$7.56 | \$6.76 | \$7.36 | \$10.22 |
| Total Converted to Steam Fuel Cost (\$2010-2012) | \$26,810,127 | \$25,911,392 | \$25,012,658 | \$32,151,899 | \$14,173,333 | \$15,853,333 | \$13,455,696 | \$3,476,923 |
| Natural Gas (Input \$/MMBtu) | \$11.30 | \$11.30 | - | \$12.70 | \$11.30 | \$11.30 | \$11.30 | \$11.30 |
| No. 6 Fuel Oil (Input \$/MMBtu) | \$9.88 | \$9.88 | \$9.88 | - | - | - | - | - |
| Wood Fuel (Input \$/MMBtu) | - | - | - | - | \$5.00 | \$5.00 | \$5.00 | - |
| RDF (Input \$/MMBtu) | - | - | - | - | - | - | - | \$0.00 |
| Fuel Cost Per MMBtu (Output) | \$13.41 | \$12.96 | \$12.51 | \$16.08 | \$7.09 | \$7.93 | \$6.73 | \$1.74 |
| Annual Non-Energy Operating Costs (\$2012) | \$2,589,000 | \$2,589,000 | \$2,589,000 | \$2,589,000 | \$7,225,000 | \$7,027,000 | \$9,264,000 | \$13,620,000 |
| Staffing Costs (\$2012) | - | - | - | - | \$2,513,000 | \$2,513,000 | \$2,513,000 | \$3,306,000 |
| Maintenance and Repairs (\$2012) | - | - | - | - | \$1,407,000 | \$1,407,000 | \$1,688,000 | \$4,516,000 |
| Replacement Costs (\$2012) | - | - | - | - | \$563,000 | \$506,000 | \$563,000 | \$1,806,000 |
| Electricity Cost Estimate (\$2012) | - | - | - | - | \$1,126,000 | \$1,126,000 | \$2,814,000 | \$1,126,000 |
| Other (\$2012) | - | - | - | - | \$1,616,000 | \$1,475,000 | \$1,686,000 | \$2,866,000 |
| Non-Fuel Operating Cost Per MMBtu (Output) | \$1.29 | \$1.29 | \$1.29 | \$1.29 | \$3.61 | \$3.51 | \$4.63 | \$6.81 |
| Total Annual Cost (\$2012) | \$29,399,127 | \$28,500,392 | \$27,601,658 | \$34,740,899 | \$36,520,196 | \$36,406,373 | \$37,438,952 | \$37,542,939 |
| Cost Per MMBtu (Output) | \$14.70 | \$14.25 | \$13.80 | \$17.37 | \$18.26 | \$18.20 | \$18.72 | \$18.77 |

DRAFT

ROCK-TENN SUMMARY OF FUEL AND TECHNOLOGY COSTS

| Fuel Type | 50% Oil 50% Natural Gas | 75% Oil 25% Natural Gas | 100% Oil 0% Natural Gas | 0% Oil 100% Firm Gas | Wood Biomass | Wood Biomass | Wood Biomass | RDF |
|--|-----------------------------|----------------------------|----------------------------|-------------------------|-----------------|-----------------|-----------------|---------------|
| | Base Case - Existing System | | | | Fluidized Bed | Fluidized Bed | Gasification | Fluidized Bed |
| Boiler Technology | | | | | 275 | 195 | 275 | 275 |
| Boiler Size (klb/hr) | | | | | | | | |
| RDF Payments @ \$/ton | | | | | | | | (\$3,282,051) |
| Credit Per MMBtu (Output) | | | | | | | | (\$1.64) |
| Total Annual Cost (\$2012) | \$29,399,127 | \$28,500,392 | \$27,601,658 | \$34,740,899 | \$36,520,196 | \$36,406,373 | \$37,438,952 | \$34,260,888 |
| Cost Per MMBtu (Output) | \$14.70 | \$14.25 | \$13.80 | \$17.37 | \$18.26 | \$18.20 | \$18.72 | \$17.13 |
| Emission Reductions Metric Tons CO2e | | | | | 167,196 | 147,176 | 161,208 | |
| Carbon Credit Revenue @ \$0.95/tCO2e | | | | | (\$3,343,920) | (\$2,943,520) | (\$3,224,160) | |
| Credit Per MMBtu (Output) | | | | | (\$1.67) | (\$1.47) | (\$1.61) | |
| Total Annual Cost (\$2012) | \$29,399,127 | \$28,500,392 | \$27,601,658 | \$34,740,899 | \$33,176,276 | \$33,462,853 | \$34,214,792 | \$34,260,888 |
| Cost Per MMBtu (Output) | \$14.70 | \$14.25 | \$13.80 | \$17.37 | \$16.59 | \$16.73 | \$17.11 | \$17.13 |
| District Energy System Contribution @ \$0.5/MMBtu | (\$1,000,000) | (\$1,000,000) | (\$1,000,000) | (\$1,000,000) | (\$1,000,000) | (\$1,000,000) | (\$1,000,000) | (\$1,000,000) |
| Credit Per MMBtu (Output) | (\$0.50) | (\$0.50) | (\$0.50) | (\$0.50) | (\$0.50) | (\$0.50) | (\$0.50) | (\$0.50) |
| Total Annual Cost (\$2012) | \$28,399,127 | \$27,500,392 | \$26,601,658 | \$33,740,899 | \$32,176,276 | \$32,462,853 | \$33,214,792 | \$33,260,888 |
| Cost Per MMBtu (Output) | \$14.20 | \$13.75 | \$13.30 | \$16.87 | \$16.09 | \$16.23 | \$16.61 | \$16.63 |
| Revenue Bond Interest Rate (Investment Grade) | | | | | 7.00% | 7.00% | 7.00% | 6.00% |
| Annual Debt Service (Difference from Base) | | | | | (\$2,886,393) | (\$2,581,845) | (\$2,809,426) | (\$3,070,873) |
| Annual Net Financial Cost Difference (\$2012) | | | | | (\$2,783,953) | (\$2,490,550) | (\$2,709,998) | (\$2,962,059) |
| Credit Per MMBtu (Output) | | | | | (\$1.39) | (\$1.25) | (\$1.35) | (\$1.48) |
| Net Total Annual Cost (\$2012) | \$28,399,127 | \$27,500,392 | \$26,601,658 | \$33,740,899 | \$29,392,323 | \$29,972,302 | \$30,504,795 | \$30,298,828 |
| Cost Per MMBtu (Output) | \$14.20 | \$13.75 | \$13.30 | \$16.87 | \$14.70 | \$14.99 | \$15.25 | \$15.15 |
| Revenue Bond Interest Rate (Govt Guarantee) | | | | | 5.50% | 5.50% | 5.50% | |
| Annual Debt Service (Difference from Invest Grade) | | | | | (\$2,824,489) | (\$2,526,367) | (\$2,749,436) | |
| Annual Net Financial Cost Difference (\$2012) | | | | | (\$2,346,305) | (\$2,097,500) | (\$2,283,733) | |
| Credit Per MMBtu (Output) | | | | | (\$1.17) | (\$1.05) | (\$1.14) | |
| Net Total Annual Cost (\$2012) | \$28,399,127 | \$27,500,392 | \$26,601,658 | \$33,740,899 | \$27,046,018 | \$27,874,802 | \$28,221,061 | \$30,298,828 |
| Cost Per MMBtu (Output) | \$14.20 | \$13.75 | \$13.30 | \$16.87 | \$13.52 | \$13.94 | \$14.11 | \$15.15 |
| Total Annual Cost (\$2010) | \$28,307,912 | \$27,409,177 | \$26,510,443 | \$33,649,684 | \$26,307,073 | \$27,184,721 | \$27,373,469 | \$28,759,141 |
| Cost Per MMBtu (Output) | \$14.15 | \$13.70 | \$13.26 | \$16.82 | \$13.15 | \$13.59 | \$13.69 | \$14.38 |
| Total Annual Cost (\$2008) | \$28,221,933 | \$27,323,198 | \$26,424,464 | \$33,563,705 | \$25,610,547 | \$26,534,253 | \$26,574,532 | \$27,307,838 |
| Cost Per MMBtu (Output) | \$14.11 | \$13.66 | \$13.21 | \$16.78 | \$12.81 | \$13.27 | \$13.29 | \$13.65 |

| | |
|---|---------------------|
| 100% Interruptible Natural Gas (Avg Rate of \$7.40/MMBtu from 6/06 to 5/08) | |
| Total Annual Cost (\$2008) | \$21,034,470 |
| Cost Per MMBtu (Output) | \$10.52 |

DRAFT

ROCK-TENN

MODEL ASSUMPTIONS

| Fuel Type | 50% Oil | 75% Oil | 100% Oil | 0% Oil | Wood Biomass | Wood Biomass | Wood Biomass | RDF |
|--|------------------------------------|--------------------|-------------------|------------------|----------------------|----------------------|---------------------|----------------------|
| | 50% Natural Gas | 25% Natural Gas | 0% Natural Gas | 100% Firm Gas | | | | |
| Boiler Technology | Base Case - Existing System | | | | Fluidized Bed | Fluidized Bed | Gasification | Fluidized Bed |
| Boiler Size (klb/hr) | | | | | 275 | 195 | 275 | 275 |
| Financial Assumptions | | | | | | | | |
| Escalation Percentages | | | | | | | | |
| Inflation % | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Interest Earning Rate-Operations % | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Interest Earning Rate-Construction % | | | | | 3.0% | 3.0% | 3.0% | 3.0% |
| Revenue Bond Financing | | | | | | | | |
| Base Revenue Bond Interest Rate % | | | | | 9.0% | 9.0% | 9.0% | 7.5% |
| Term | | | | | 20 | 20 | 20 | 20 |
| Total Construction Costs (\$2008) | | | | | \$101,893,000 | \$91,115,000 | \$99,173,000 | \$160,496,000 |
| Total Construction Costs | | | | | \$80,230,000 | \$71,743,000 | \$78,088,000 | \$129,561,000 |
| Engineering | | | | | \$9,628,000 | \$8,610,000 | \$9,371,000 | \$11,500,000 |
| Contingency | | | | | \$12,035,000 | \$10,762,000 | \$11,714,000 | \$19,435,000 |
| Contingency on Construction Cost % | | | | | 15.0% | 15.0% | 15.0% | 15.0% |
| Construction Cost Escalation % | | | | | 3.0% | 3.0% | 3.0% | 3.0% |
| Total Construction Costs (\$2010) | | | | | \$108,098,000 | \$96,663,000 | \$105,213,000 | \$170,269,000 |
| Total Reserves and Capitalized Interest (\$2010) | | | | | \$30,983,000 | \$27,715,000 | \$30,159,000 | \$39,501,000 |
| Capitalized Interest Funding | | | | | \$15,467,000 | \$13,836,000 | \$15,056,000 | \$18,559,000 |
| Required Reserves | | | | | \$15,516,000 | \$13,879,000 | \$15,103,000 | \$20,942,000 |
| Total Financing Costs (\$2010) | | | | | \$2,553,000 | \$2,310,000 | \$2,491,000 | \$3,720,000 |
| Underwriter's Fees | | | | | \$2,125,000 | \$1,901,000 | \$2,068,000 | \$3,203,000 |
| Issuer Fees | | | | | \$178,000 | \$159,000 | \$173,000 | \$267,000 |
| Legal Fees | | | | | \$175,000 | \$175,000 | \$175,000 | \$175,000 |
| Other | | | | | \$75,000 | \$75,000 | \$75,000 | \$75,000 |
| Revenue Bonds (Investment Grade) | | | | | | | | |
| Revenue Bond Interest Rate (Investment Grade) | | | | | 7.0% | 7.0% | 7.0% | 6.0% |
| Total Reserves and Capitalized Interest (\$2010) | | | | | \$23,270,000 | \$20,815,000 | \$22,650,000 | \$31,126,000 |
| Capitalized Interest Funding | | | | | \$10,640,000 | \$9,518,000 | \$10,357,000 | \$13,255,000 |
| Required Reserves | | | | | \$12,630,000 | \$11,297,000 | \$12,293,000 | \$17,871,000 |
| Total Financing Costs (\$2010) | | | | | \$2,425,000 | \$2,196,000 | \$2,369,000 | \$3,582,000 |
| Underwriter's Fees | | | | | \$2,007,000 | \$1,796,000 | \$1,954,000 | \$3,075,000 |
| Issuer Fees | | | | | \$168,000 | \$150,000 | \$165,000 | \$257,000 |
| Legal Fees | | | | | \$175,000 | \$175,000 | \$175,000 | \$175,000 |
| Other | | | | | \$75,000 | \$75,000 | \$75,000 | \$75,000 |
| Revenue Bonds (Government Guarantee) | | | | | | | | |
| Revenue Bond Interest Rate (Govt Guarantee) | | | | | 5.5% | 5.5% | 5.5% | |
| Total Reserves and Capitalized Interest (\$2010) | | | | | \$6,916,000 | \$6,187,000 | \$6,732,000 | |
| Capitalized Interest Funding | | | | | \$6,916,000 | \$6,187,000 | \$6,732,000 | |
| Required Reserves | | | | | \$0 | \$0 | \$0 | |
| Total Financing Costs (\$2010) | | | | | \$2,155,000 | \$1,955,000 | \$2,104,000 | |
| Underwriter's Fees | | | | | \$1,758,000 | \$1,573,000 | \$1,711,000 | |
| Issuer Fees | | | | | \$147,000 | \$132,000 | \$143,000 | |
| Legal Fees | | | | | \$175,000 | \$175,000 | \$175,000 | |
| Other | | | | | \$75,000 | \$75,000 | \$75,000 | |

