

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ROCK-TENN COMPANY, MILL DIVISION, INC.

FE DOCKET NO. 98-30-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1385

MAY 20, 1998

I. DESCRIPTION OF REQUEST

On April 14, 1998, Rock-Tenn Company, Mill Division Inc. (Rock-Tenn) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)⁽¹⁾ and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import approximately 0.8 Bcf annually of natural gas from Canada. Rock-Tenn, a Georgia corporation with its principal place of business in Norcross, Georgia, is a manufacturer of paper and paper products at paper mills situated throughout the United States. Rock-Tenn plans to purchase the imported natural gas from Wascana Energy Inc. (Wascana) under the terms of a "Firm Sales/Purchase Agreement" dated December 18, 1996, to be used as fuel at its paper mill in Sheldon Springs, Vermont.⁽²⁾ Although its gas Sales/Purchase Agreement with Wascana contains a maximum daily contract of about 2.2 MMcf/day, Rock-Tenn requests that the import authorization contain no daily volume limitation in order to ensure maximum flexibility. Rock-Tenn intends to resell any imported volumes that may be in excess of its needs to Vermont Gas Systems, Inc. (Vermont Gas), or to others for which it may act as agent. The imported natural gas will be transported by TransCanada PipeLine Limited (TCPL) to Vermont Gas at the international border near Phillipsburg, Quèbec, and Highgate Springs, Vermont, for delivery to the Sheldon Spring's paper mill.

The purchase price will be based on an Empress, Alberta, commodity index as quoted in Canadian Enerdata's Canadian Gas Price reporter, plus compression, transportation, and management fees. Rock-Tenn may request from Wascana a fixed price in lieu of the Empress index, for a specific term. Wascana shall send Rock-Tenn a schedule to reflect the fixed price and specified term. At the end of the specified term the price reverts back to the previously described index.

II. FINDING

The application filed by Rock-Tenn has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the importation of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Rock-Tenn to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Rock-Tenn Company, Mill Division, Inc. (Rock-Tenn) is authorized to import up to 0.8 Bcf annually of natural gas from Canada. The authorization is for a ten-year term commencing November 1, 1998, through October 31, 2008. This natural gas shall be imported in accordance with the Sales/Purchase Agreement between Rock-Tenn and Wascana Energy Inc. (Wascana) dated December 18, 1996.

B. This natural gas may be imported from Canada at the international border near Highgate Springs, Vermont (Phillipsburg, Quèbec).

C. Within two weeks after deliveries begin, Rock-Tenn shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, Rock-Tenn shall file, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Rock-Tenn must report total monthly volumes in Mcf and the average purchase price of gas in U.S. dollars per MMBtu delivered at the international border. The monthly price information shall itemize separately the commodity

and demand charges. The demand charges shall include compression, transportation, and any management fees. With respect to imports which are resold to other buyers, Rock-Tenn shall provide the name(s) of the purchaser(s) and the volume in Mcf.

E. The notification and reports required by Ordering Paragraphs C and D of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1999, and should cover the period from November 1, 1998, until the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C. on May 20, 1998.

John W. Glynn

Manager, Natural Gas Regulations

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

2. 2/ Subsequent to the execution of the Sales/Purchase Agreement, Wascana Energy Inc. succeeded to the interest of Wascana Marketing, A Division of Wascana Energy Inc.