



Nicole D. Spaur  
Senior Counsel

March 12, 2008

Debra Howland, Executive Director  
STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION  
21 Fruit Street, Suite 10  
Concord, NH 03301-2429

RE: **Waiver Request re: Natural Gas Supplier Renewal Application**  
Case No. DM08-010



Dear Ms. Howland:

Pursuant to PUC 201.05, please accept this letter as a formal request for a waiver of the audited financial statement requirement set forth in PUC 3003.01(b)(2)e with respect to Sprague Energy Corp.'s Natural Gas Supplier renewal application. As noted in my letter dated February 28, 2008, addressed to Mr. Robert Wyatt at the Public Utilities Commission, Sprague Energy Corp. is a privately-held corporation and considers its audited financial statements to be confidential.

Founded in 1870, Sprague is one of the East Coast's largest suppliers of energy products, providing home heating oil, diesel fuels, residual fuels, gasoline and natural gas. Sprague owns and operates a network of 16 strategically located oil terminals between northern Maine and New York, with combined storage capacity of over 8 million barrels, from which we market petroleum products and provide liquid and dry bulk material handling services. Sprague conducts throughputs or exchanges at over 100 additional facilities. Sprague employs more than 450 people, and annually distributes over 2 billion gallons of petroleum products, 150 billion cubic feet of natural gas and 3 million tons of bulk materials.

Sprague is a wholly-owned subsidiary of Axel Johnson Inc., a member of the Axel Johnson Group of Sweden, a fourth-generation company privately owned by Antonia Ax:son Johnson and family. Through its various subsidiaries, the Axel Johnson Group is principally engaged in the food retail and wholesale, consumer retail, energy, trading, environmental and telecommunications businesses.

As an alternative to submitting its audited financial statements, Sprague Energy Corp. has submitted a performance bond in the amount of \$100,000 and payable to the State of New Hampshire Public Utilities Commission ("PUC"). Sprague has also provided the PUC with a parental guaranty, which remains in effect as of today's date.



Accordingly, we believe a waiver is appropriate in these circumstances under Section PUC 201.05 and respectfully request that the PUC grant this request.

Thank you for your consideration of this request. Should you have any questions or concerns, please do not hesitate to contact me directly at 603-430-5302.

Sincerely,

*Nicole D Spaur*  
Nicole D. Spaur

**PERFORMANCE BOND**

**WASHINGTON INTERNATIONAL  
INSURANCE COMPANY**

Bond Number: **S9054991**

KNOW ALL MEN BY THESE PRESENTS:

That we, **SPRAGUE ENERGY CORPORATION**

as Principal, and the **WASHINGTON INTERNATIONAL INSURANCE COMPANY**, a corporation organized under the laws of the State of **ARIZONA** as Surety, are held and firmly bound unto **STATE OF NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**, as Obligee, in the full penal sum of **ONE HUNDRED THOUSAND and xx/100 \$100,000.00** Dollars, lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the above bounden Principal has obtained or is about to obtain from the said Obligee a license or permit for **NATURAL GAS SUPPLIER**

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the above bounded Principal as such licensee or permittee shall indemnify said Obligee against all loss, costs, expenses or damage to it caused by said Principal's non-compliance with or breach of any laws, statutes, ordinances, rules or regulations pertaining to such license or permit issued to the Principal, which said breach or non-compliance shall occur during the term of this bond, then this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, that if this bond is for a fixed term, it may be continued by Certificate executed by the Surety hereon; and

PROVIDED FURTHER, that regardless of the number of years this bond shall continue or be continued in force and of the number of premiums that shall be payable or paid, the Surety shall not be liable hereunder for a larger amount, in the aggregate, than the amount of this bond, and

PROVIDED, FURTHER that if the Surety shall so elect, this bond may be cancelled by the Surety as to subsequent liability by giving thirty (30) days notice in writing to said Obligee.

SIGNED, SEALED AND DATED this **20TH** day of **FEBRUARY, 2008**.

**SPRAGUE ENERGY CORPORATION.**

By: 

**WASHINGTON INTERNATIONAL INSURANCE COMPANY**

By: 

Anne M. Higginbottom, Attorney-in-Fact

NAS SURETY GROUP

NORTH AMERICAN SPECIALTY INSURANCE COMPANY
WASHINGTON INTERNATIONAL INSURANCE COMPANY

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, THAT North American Specialty Insurance Company, a corporation duly organized and existing under laws of the State of New Hampshire, and having its principal office in the City of Manchester, New Hampshire, and Washington International Insurance Company, a corporation organized and existing under the laws of the State of Arizona and having its principal office in the City of Itasca, Illinois, each does hereby make, constitute and appoint:

WILIAM L. LABBE, JOHN J. FEITELBERG, CATHERINE H. LAWRENCE,

ANNE M. HIGGINBOTTOM and BARRY J. HORGAN

JOINTLY OR SEVERALLY

Its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver, for and on its behalf and as its act and deed, bonds or other writings obligatory in the nature of a bond on behalf of each of said Companies, as surety, on contracts of suretyship as are or may be required or permitted by law, regulation, contract or otherwise, provided that no bond or undertaking or contract or suretyship executed under this authority shall exceed the amount of: TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Boards of Directors of both North American Specialty Insurance Company and Washington International Insurance Company at meetings duly called and held on the 24th of March, 2000:

"RESOLVED, that any two of the President, any Executive Vice President, any Vice President, any Assistant Vice President, the Secretary or any Assistant Secretary be, and each or any of them hereby is authorized to execute a Power of Attorney qualifying the attorney named in the given Power of Attorney to execute on behalf of the Company bonds, undertakings and all contracts of surety, and that each or any of them hereby is authorized to attest to the execution of any such Power of Attorney and to attach therein the seal of the Company; and it is

FURTHER RESOLVED, that the signature of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be binding upon the Company when so affixed and in the future with regard to any bond, undertaking or contract of surety to which it is attached."



By [Signature] Steven P. Anderson, President & Chief Executive Officer of Washington International Insurance Company & Vice President of North American Specialty Insurance Company



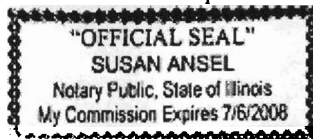
By [Signature] David M. Layman, Vice President of Washington International Insurance Company & Vice President of North American Specialty Insurance Company

IN WITNESS WHEREOF, North American Specialty Insurance Company and Washington International Insurance Company have caused their official seals to be hereunto affixed, and these presents to be signed by their authorized officers this 9th day of October, 2007.

North American Specialty Insurance Company
Washington International Insurance Company

State of Illinois
County of Du Page ss:

On this 9th day of October, 2007, before me, a Notary Public personally appeared Steven P. Anderson, President and CEO of Washington International Insurance Company and Vice President of North American Specialty Insurance Company and David M. Layman, Vice President of Washington International Insurance Company and Vice President of North American Specialty Insurance Company, personally known to me, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as officers of and acknowledged said instrument to be the voluntary act and deed of their respective companies.



[Signature] Susan Ansel, Notary Public

I, James A. Carpenter, the duly elected Assistant Secretary of North American Specialty Insurance Company and Washington International Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney given by said North American Specialty Insurance Company and Washington International Insurance Company, which is still in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Companies this 20th day of February, 2008.

[Signature] James A. Carpenter

James A. Carpenter, Vice President & Assistant Secretary of Washington International Insurance Company & North American Specialty Insurance Company