



SOUTHERN MISSOURI GAS COMPANY, L.P.

RECEIVED

SEP 12 2005

Mr. Wess Henderson
Executive Director
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Executive Director
MO PSC

Re: Southern Missouri Gas Company (SMGC) response to MPSC letter
request dated August 18, 2005

Exhibit No. 11
Case No(s) 68-2005-0279
Date 9-29-05 Rptr tw

Dear Mr. Henderson:

Detailed below and attached hereto (see Attachment 1) are SMGC's responses to the requests submitted in your letter referenced above.

1. See Attachment 1 for details regarding winter gas requirements. SMGC does not have any storage contracts or positions.
2. See Attachment 1 for details. As of 9/6/05 SMGC has executed the following winter supply transactions:
 - a. Physical Basis Hedge, Nov05-Mar06, 190,000 MMBtu at NYMEX minus \$0.59 which represents approximately 33% of SMGC's winter gas requirements.
 - b. Physical Basis Hedge, Nov05-Mar06, 190,000 MMBtu at NYMEX minus \$0.985 which represents approximately 33% of SMGC's winter gas requirements.
 - c. For unhedged volumes, SMGC's anticipated price is based on NYMEX postings minus approximately \$0.85 basis differential which would equate to approximately \$11.46 per MMBtu.
3. N/A. Refer to item #2 above and Attachment 1 for details.
4. See Attachment 1 for details.
5. Based on the data and calculations provided herein, SMGC expects its winter PGA to be approximately \$13.24 per MCF and its ACA to be approximately \$.035 per CCF.
6. Currently, the natural gas market is experiencing significant turmoil from a combination of unique events such as Hurricane Katrina. Additionally, we believe the hedge funds and financial traders have created a significant amount of upward price pressure contrary to basic supply and demand market fundamentals. As detailed above, SMGC has already transacted for 83%, 64% and/or 50% of its expected winter gas requirements for warm, normal and/or cold seasons,

respectively, which is consistent with our past historical practices. Notwithstanding another extraordinary event(s), it is SMGC's belief that market fundamentals will return to more "normalized" conditions and as a result, there is a much higher probability of gas prices decreasing than increasing in the coming months. However, we will continue to monitor the gas markets on a day to day basis and will make every effort to utilize all our resources to make economically prudent decisions.

We hope that this information has been useful. Per your request, SMGC personnel should be generally available most of the time between September 8th and 16th for any follow up discussions or questions you may have. However, we will be out of the office and unavailable all day on Wednesday, September 14th. Please feel free to contact either myself at (417) 926-7533 or Mr. Randy Maffett with Sendero Asset Management at (713) 655-0523 to schedule a call or to discuss any matters as applicable.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Walker", with a stylized, cursive script.

Bill Walker
Manager – Gas Control
Southern Missouri Gas Company, L.P.

Attachment 1
SMGC Winter Gas Requirements
Nov05 - Mar06

Gas Requirements		NYMEX 9/6/05	Basis 1		Basis 2		\$		(0.590)		\$		(0.985)	
Warm			Gas Supplied MMBtu	Basis 1 Price	Gas Supplied MMBtu	Basis 2 Price	Unhedged Volumes	Estimated Basis	Unhedged Price	Unhedged Gas Costs	Basis 1 Costs	Basis 2 Costs	Total Costs	
Nov	60,000	\$ 11.90	30,000	\$ 11.31	\$ 10.92	\$ -	\$ (0.85)	\$ 11.05	\$ -	\$ 340,800	\$ 339,300	\$ 327,450	\$ 666,750	
Dec	110,000	\$ 12.21	40,000	\$ 11.62	\$ 11.23	30,000	\$ (0.85)	\$ 11.36	\$ 340,800	\$ 464,800	\$ 449,000	\$ 1,254,600		
Jan	120,000	\$ 12.47	50,000	\$ 11.88	\$ 11.49	20,000	\$ (0.85)	\$ 11.62	\$ 232,400	\$ 594,000	\$ 574,250	\$ 1,400,650		
Feb	100,000	\$ 12.37	40,000	\$ 11.78	\$ 11.39	20,000	\$ (0.85)	\$ 11.52	\$ 230,400	\$ 471,200	\$ 455,400	\$ 1,157,000		
Mar	70,000	\$ 12.14	30,000	\$ 11.55	\$ 11.16	10,000	\$ (0.85)	\$ 11.29	\$ 112,900	\$ 346,500	\$ 334,650	\$ 794,050		
Totals	460,000		190,000		80,000				\$ 916,500	\$ 2,215,800	\$ 2,140,750	\$ 5,273,050		
Unhedged WACOG =										\$ 11.46				
Total WACOG =										\$ 11.46				

Gas Requirements	NYMEX 9/6/05	Basis 1		Basis 2		Unhedged Volumes	Estimated Basis	Unhedged Price	Unhedged Gas Costs	Basis 1 Costs	Basis 2 Costs	Total Costs
		Gas Supplied MMBtu	Price	Gas Supplied MMBtu	Price							
Nov	90,000	\$ 11.90	\$ 11.31	\$ 10.92	\$ (0.85)	30,000	\$ (0.85)	\$ 11.05	\$ 331,500	\$ 339,300	\$ 327,450	\$ 998,250
Dec	140,000	\$ 12.21	\$ 11.62	\$ 11.23	\$ (0.85)	60,000	\$ (0.85)	\$ 11.36	\$ 681,600	\$ 464,800	\$ 449,000	\$ 1,595,400
Jan	150,000	\$ 12.47	\$ 11.88	\$ 11.49	\$ (0.85)	50,000	\$ (0.85)	\$ 11.62	\$ 581,000	\$ 594,000	\$ 574,250	\$ 1,749,250
Feb	120,000	\$ 12.37	\$ 11.78	\$ 11.39	\$ (0.85)	40,000	\$ (0.85)	\$ 11.52	\$ 460,800	\$ 471,200	\$ 455,400	\$ 1,387,400
Mar	90,000	\$ 12.14	\$ 11.55	\$ 11.16	\$ (0.85)	30,000	\$ (0.85)	\$ 11.29	\$ 338,700	\$ 346,500	\$ 334,650	\$ 1,019,850
Totals	590,000			210,000					\$ 2,393,600	\$ 2,215,800	\$ 2,140,750	\$ 6,750,150
Unhedged WACOG = \$ 11.40												
Total WACOG = \$ 11.44												

Gas Requirements	NYMEX 9/6/05	Basis 1		Basis 2		Unhedged Volumes	Estimated Basis	Unhedged Price	Unhedged Gas Costs	Basis 1		Basis 2		Total Costs
		Gas Supplied MMBtu	Price	Gas Supplied MMBtu	Price					Costs	Costs			
Cold														
Nov	110,000	\$ 11.90	30,000	\$ 11.31	\$ 10.92	50,000	\$ (0.85)	\$ 11.05	\$ 552,500	\$ 339,300	\$ 327,450	\$ 1,219,250		
Dec	180,000	\$ 12.21	40,000	\$ 11.62	\$ 11.23	100,000	\$ (0.85)	\$ 11.36	\$ 1,136,000	\$ 464,800	\$ 449,000	\$ 2,049,800		
Jan	200,000	\$ 12.47	50,000	\$ 11.88	\$ 11.49	100,000	\$ (0.85)	\$ 11.62	\$ 1,162,000	\$ 594,000	\$ 574,250	\$ 2,330,250		
Feb	150,000	\$ 12.37	40,000	\$ 11.78	\$ 11.39	70,000	\$ (0.85)	\$ 11.52	\$ 806,400	\$ 471,200	\$ 455,400	\$ 1,733,000		
Mar	120,000	\$ 12.14	30,000	\$ 11.55	\$ 11.16	60,000	\$ (0.85)	\$ 11.29	\$ 677,400	\$ 346,500	\$ 334,650	\$ 1,358,550		
Totals	760,000		190,000			380,000			\$ 4,334,300	\$ 2,215,800	\$ 2,140,750	\$ 8,690,850		
Unhedged WACOG = \$										11.41				
Total WACOG = \$										11.44				