

October 5, 2011

Utility Services Division
Missouri Public Service Commission
200 Madison Street
Jefferson City, Missouri 65101

**RE: Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas
School Aggregation Program – ACA Follow Up Report, September 2011**

On July 8, 2011, Southern Missouri Natural Gas (“SMNG”) filed its response to the recommendation by the Staff of the Missouri Public Service Commission (“Staff”) in Case No. GR-2010-0218, the 2010-2011 Actual Cost Adjustment. In its response, the Company stated it would provide an update on the resolution of the capacity release for the Schools.

SMNG has issued a bill for the difference between the reasonable market area capacity release and the actual capacity released, per Staff’s recommendation, to Seminole Energy Services. Counsel for the Missouri School Board Association (MSBA) in conjunction with legal counsel for Seminole energy contacted SMNG to discuss further. Seminole and the Company are currently in discussions to negotiate the total amount due based on capacity release amounts designated in the updated contract between SMNG and Seminole.

Please contact me with any questions or concerns.

Respectfully Submitted



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