



July 6, 2007

Exhibit No. 13
Date 11-27-07 Case No. GA-2007-0168
Reporter RF

Randy Maffett, Managing Partner
Southern Missouri Gas Company, L.P.
1001 Fannin, Suite 550
Houston, Texas 77002

FILED
December 7, 2007
Data Center
Missouri Public
Service Commission

Dear Mr. Maffett:

You have asked us to respond to various inquiries from the Missouri Public Service Commission ("MoPSC") regarding the 2006 Annual Report of Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas ("SMNG"), as outlined in their letter of June 12, 2007. Each of their individual inquiries is recapped below, with our responses to each. The inquiries and responses relate primarily to the May 2005 transaction in which Sendero SMGC GP Acquisition Co., LLC and Sendero SMGC Limited Acquisition Co. (collectively "Sendero") purchased 100% of the ownership interests of SMNG from DTE Ozark, Inc. and DTE Enterprises, Inc. (collectively "DTE"). The transaction was an acquisition by Sendero of the partnership interests of SMNG and not an acquisition of SMNG's assets.

1. "The Company did not report a utility plant acquisition adjustment ([acquisition adjustment] Page 200, line 12). Please explain why the Company does not show an acquisition adjustment or provide documentation describing and detailing the reasons why the Company is not required to reflect such adjustment. Also, update all schedules affected by any change to this account. Commission rules require a response within 20 days of notice of deficiency."

Prior to its acquisition by Sendero, SMNG did not report a utility plant acquisition adjustment on its annual reports to MoPSC. The acquisition of SMNG by Sendero in 2005 was for an amount less than its book value. An acquisition adjustment would occur (if approved by MoPSC) when an entity is acquired at an amount greater than its book value and these excess amounts are recorded on the books of the acquired entity. However, as discussed in Item 3 below, any amounts paid by Sendero in excess of or less than the book value of SMNG at the time of acquisition, would not be reflected on the books and records of the Company. Therefore, there is no acquisition adjustment in the annual report.

2. **"Please provide a full explanation and a copy of all journal entries regarding changes in partners' capital as described in the related 'notes to financial statements' related to the contributed debt amounting to \$38,300,000 owed by the Company to partners' capital and the direct reduction of partner's capital in the amount of \$13,500,000. Please provide citations to relevant GAAP and the Uniform System of Accounts rules for these entries."**

Prior to the acquisition of SMNG by Sendero, SMNG owed DTE \$38,300,000 in debt. This debt was contributed to capital by DTE prior to the acquisition, thereby reducing liabilities and increasing capital. In addition, as a condition to the acquisition, SMNG was required to borrow \$13,500,000 from an outside lender. The proceeds of this debt were distributed to Sendero, and reflected as a partner capital distribution in the 2005 statement of changes in partners' capital. Sendero used these funds to pay DTE.

3. **"Please provide supporting citations from GAAP and the Uniform System of Accounts for the statement of plant at historical cost rather than purchase price."**

The acquisition of SMNG by Sendero in May 2005 is subject to the provisions of Statement of Financial Accounting Standards No. 141 ("FAS 141"), "Business Combinations". Under FAS 141, the acquiring entity in this business combination is Sendero, with SMNG being the acquired entity.

In accordance with SEC Staff Accounting Bulletin No. 54, "Application of Push Down Basis of Accounting in Financial Statements of Subsidiaries Acquired by Purchase, a transaction such as this where the acquiring and/or acquired entity was an SEC registrant would require that the acquired entity use the acquiring entity's basis of accounting when preparing its financial statements. This would require that any excess/deficiency in purchase price over/under the book value of the acquired entity, be allocated to the assets and liabilities of the acquired entity (based on their fair values), and recorded on the accounting records of the acquired entity.

However, neither Sendero nor SMNG are SEC registrants, and according to Emerging Issues Task Force Abstract 86-9, as issued by the Financial Accounting Standards Board, push-down accounting (as described in the preceding paragraph) is not required for companies that are not SEC registrants.

As a result of this, SMNG continued to record its assets and liabilities, including its gas plant at its original historical cost rather than Sendero's acquisition cost.

4. **"Please provide a copy of any financial reporting impairment tests regarding the assets recorded in the annual report and if no impairment tests have been performed, an explanation of why no impairment testing was necessary."**

Although SMNG continues to record its assets at historical cost in accordance with generally accepted accounting principles as described above, it does not relieve SMNG of the responsibility to evaluate its long-lived assets, consisting primarily of its gas plant, for impairment on an annual basis. Under Statement of Financial Accounting Standards No. 144 ("FAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets", a long-lived asset such as SMNG's gas plant shall be tested for recoverability whenever events or changes in circumstances indicated that its carrying amount may not be recoverable. On first glance, the fact that Sendero acquired the ownership interests of SMNG at an amount significantly less than the book value of those ownership interests would appear to be a factor indicating impairment.

However, SMNG is a rate-regulated enterprise, as defined by generally accepted accounting principles. FAS 144, paragraph B59, requires that the provisions of FAS 144 apply to assets of a regulated enterprise, but excludes regulatory assets that meet the criteria of paragraph 9 of Statement of Financial Accounting Standards No. 71 ("FAS 71"), "Accounting for the Effects of Certain Types of Regulation".

Paragraph 9 of FAS 71 states that an enterprise shall capitalize an incurred cost that would otherwise be charged to expense if the following two criteria are both met:

- It is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes, and
- Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's

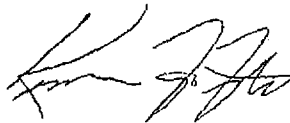
intent clearly be to permit recovery of the previously incurred cost.

When Sendero acquired SMNG in 2005, it was our understanding that MoPSC would not require a negative adjustment to the rate base, thus allowing SMNG to continue to charge rates which were designed to recover the original cost of the gas plant. As such, we concurred with SMNG's opinion that the costs capitalized as gas plant clearly meet the criteria paragraph 9 of FAS 71, as noted above, and therefore, are not currently subject to the impairment criteria of FAS 144, and will not be subject to FAS 144 as long as there continues to be no negative adjustment to the rate base.

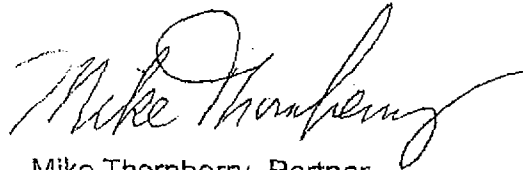
Therefore, given that the cost of gas plant is considered recoverable through rates at December 31, 2006, no additional analysis of impairment was considered necessary.

If you have any further questions, please contact either Kevin Fite or Mike Thornberry at (918)-749-6601.

Sincerely,



Kevin Fite, Partner
Sartain Fischbein & Co.



Mike Thornberry, Partner