INVESTOR MEETINGS

New York City | December 4-6, 2018

ONE Gas

FORWARD-LOOKING STATEMENTS

Statements contained in this presentation that include company expectations or predictions should be considered forward-looking statements that are covered by the safe harbor provisions of the Securities Act of 1933 and the Securities and Exchange Act of 1934.

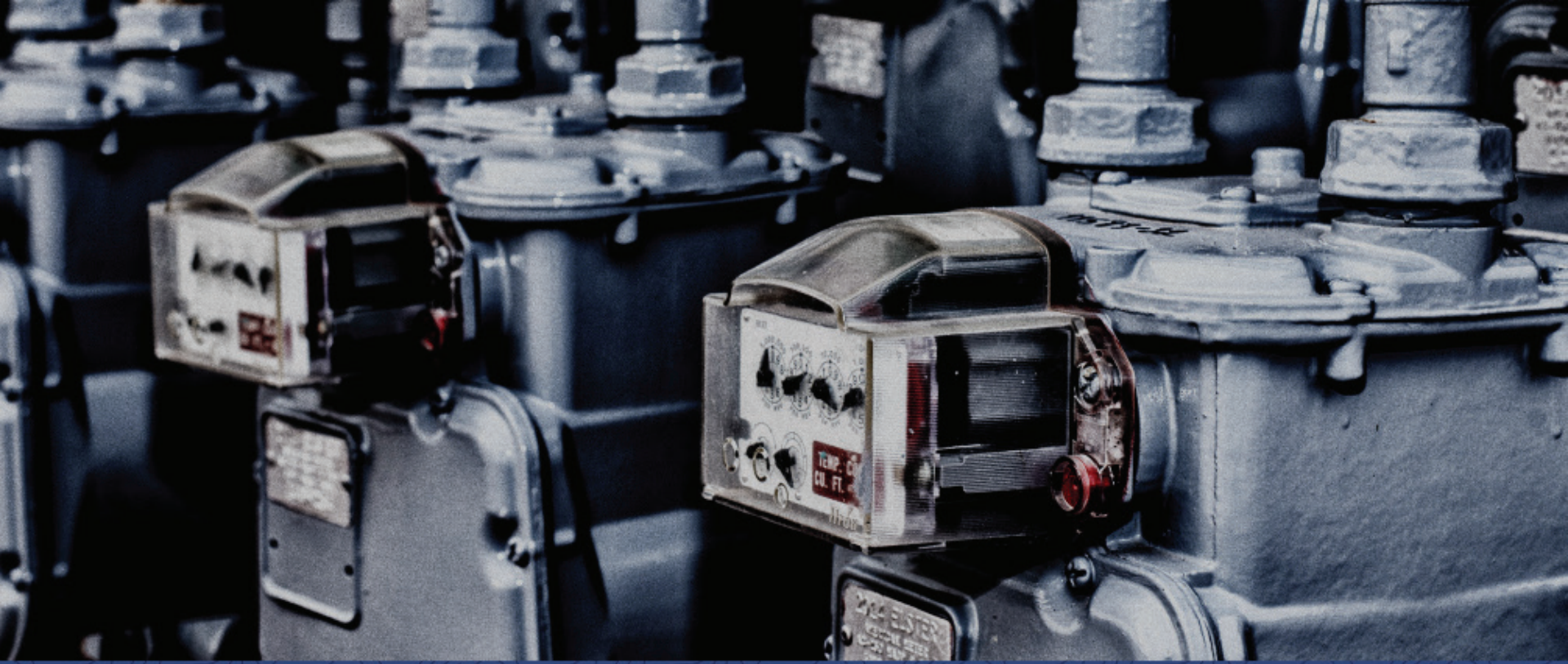
It is important to note that the actual results could differ materially from those projected in such forward-looking statements.

For additional information that could cause actual results to differ materially from such forward-looking statements, refer to ONE Gas' Securities and Exchange Commission filings.

All future cash dividends (declared or paid) discussed in this presentation are subject to the approval of the ONE Gas board of directors.

All references in this presentation to guidance are based on news releases issued on or before Oct. 29, 2018, and are not being updated or affirmed by this presentation.

ONE Gas



VALUE CREATION STRATEGY

VALUE CREATION STRATEGY

Sustainable Business Model

Focused Business Strategy	• Clear vision, mission, values-driven strategy and safety culture • 100% regulated natural gas distribution utility • Conservative financial profile (“A” rated)
Capital Horizon & Clarity	• 20+ year vintage pipeline replacement program • 80% of capital included in annual filings
Regulatory Construct	• Territory diversification – 3 states, multiple jurisdictions • Comprehensive recovery mechanisms
Cash Flow Stability	• Weather normalization • High percentage of fixed charges for revenue recovery • Customer mix is predominantly residential • Expense control execution
Competitive Advantage	• Proximity to abundant and affordable gas supply • Significant cost advantage over electricity

ONE Gas

FOCUSED BUSINESS STRATEGY

FOCUSED BUSINESS STRATEGY

Mission, vision, strategy and values

Mission – *Why we exist*

We deliver natural gas for a better tomorrow

Vision – *What we want to be*

To be a premier natural gas distribution company creating exceptional value for our stakeholders

Strategy – *How we do it*

Becoming ONE:

- ONE in Responsibility – safety, reliability and compliance
- ONE in Value – customers, employees, investors and communities
- ONE in Industry – recognized leader, processes and productivity

Core Values – *Our compass*

- **Safety**: We are committed to operating safely and in an environmentally responsible manner.
- **Ethics**: We are accountable to the highest ethical standards and are committed to compliance. Honesty, trust and integrity matter.
- **Inclusion and Diversity**: We embrace an inclusive and diverse culture that encourages collaboration. Every employee makes a difference and contributes to our success.
- **Service**: We provide exceptional service and make continuous improvements in our pursuit of excellence.
- **Value**: We create value for all stakeholders, including our customers, employees, investors and communities.

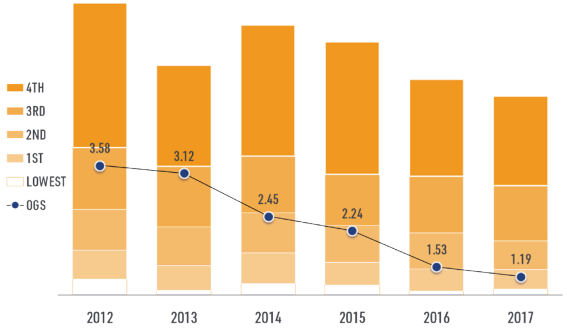
ONE Gas

FOCUSED BUSINESS STRATEGY

Operating Safely and Environmentally Responsibly

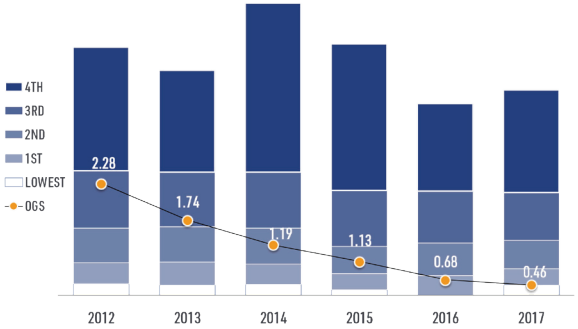
- Focus on culture, engagement, decision-making and processes; drive toward zero harm
- Utilization of American Gas Association peer review safety process
- Ongoing program to replace aging assets and the quality control of those replacements
- Currently ranked in the top quartile of AGA member companies for all three safety metrics

TRIR AMERICAN GAS ASSOCIATION QUARTILE DATA



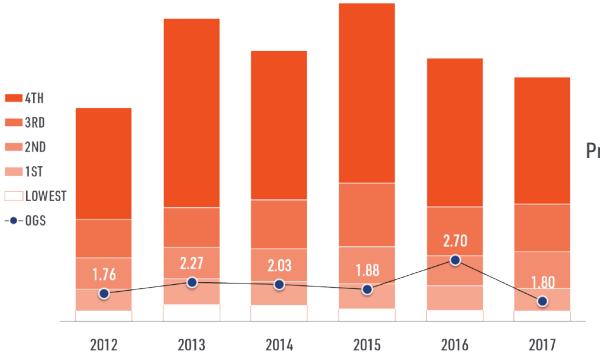
Total Recordable Incident Rate (TRIR) was 1.19 incidents per 200,000 work hours.

DART AMERICAN GAS ASSOCIATION QUARTILE DATA



Days Away, Restricted or Transferred (DART) was 0.46 incidents per 200,000 work hours.

PVIR AMERICAN GAS ASSOCIATION QUARTILE DATA



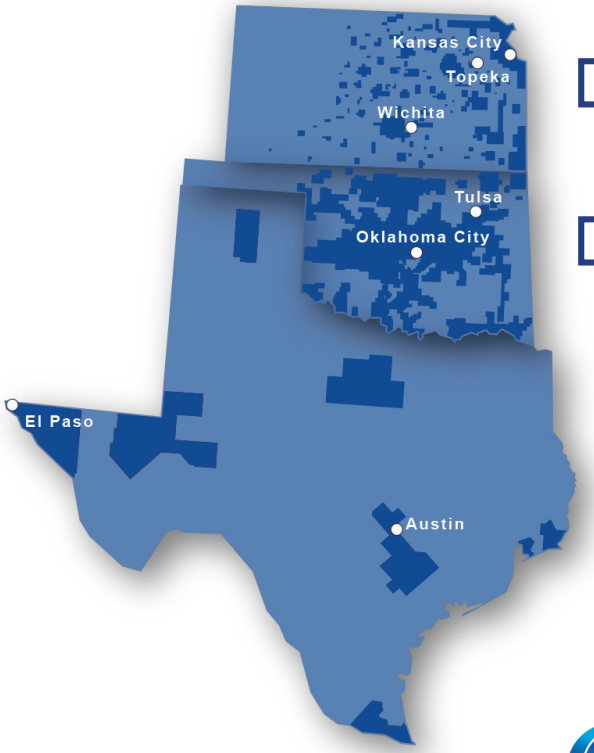
Preventable Vehicle Incident Rate (PVIR) was 1.80 incidents per million miles driven

ONE Gas

FOCUSED BUSINESS STRATEGY

100% regulated natural gas utility

- One of the largest publicly traded natural gas distribution companies
  - 2.2 million customers
  - ~3,500 employees
  - ~60,500 miles of distribution mains, services and transmission pipelines
- Estimated 2018 average rate base: $3.36 billion*
  - 42% in Oklahoma
  - 30% in Kansas
  - 28% in Texas



72% market share

88% market share

13% market share

** Calculation consistent with utility ratemaking in each jurisdiction*

ONE Gas

FOCUSED BUSINESS STRATEGY

Conservative Financial Profile: Commitment to Investment-Grade Credit Ratings

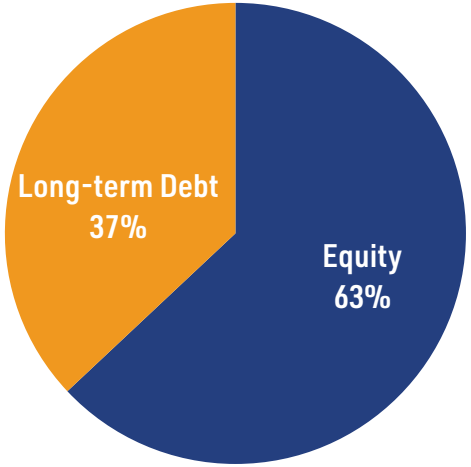
- Strong liquidity position will support capital expenditure and working capital needs
  - Stable operating cash flows
  - $700 million revolving credit facility
  - Commercial paper program
- Strong investment-grade credit ratings

RATING AGENCY	RATING	OUTLOOK
Moody's	A2	Negative*
S&P	A	Stable

** On January 19, 2018, Moody's changed outlook to negative from stable based on the potential impacts of the Tax Cuts and Jobs Act of 2017.*

CAPITAL STRUCTURE

As of September 30, 2018



ONE Gas

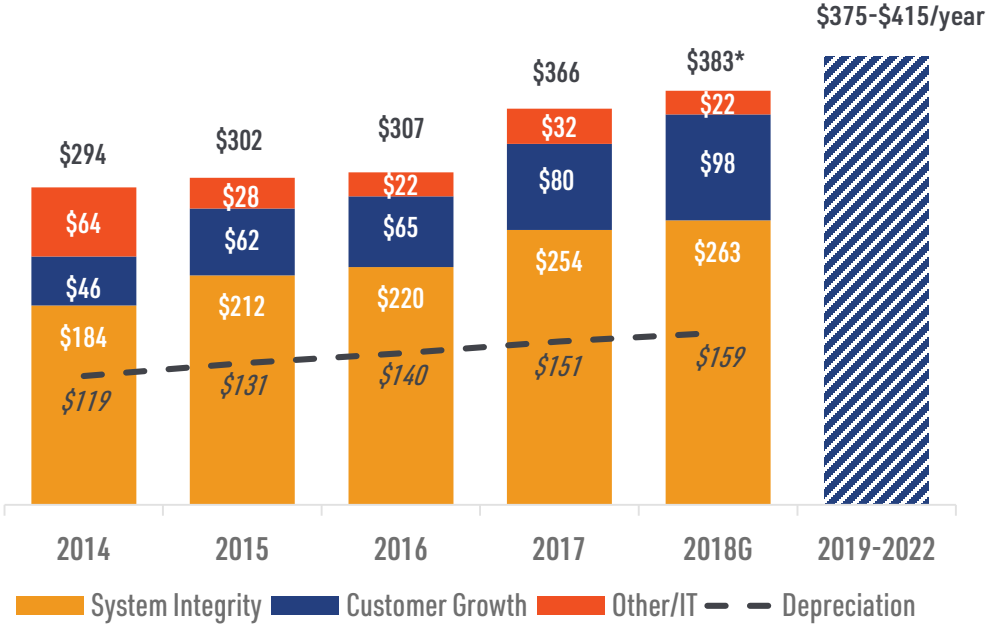
CAPITAL HORIZON & CLARITY

CAPITAL HORIZON & CLARITY

Well-defined capital investment plan: Spending $2 billion from 2018 – 2022

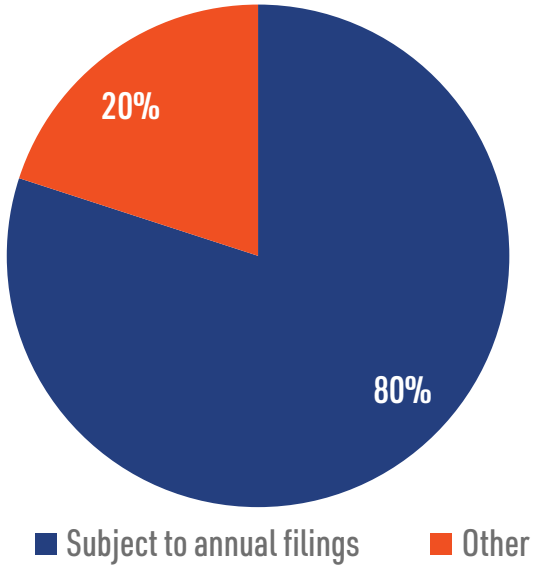
CAPITAL INVESTMENTS

(MILLIONS)



* *Represents midpoint of the capital expenditure guidance range of $375 million - $390 million*

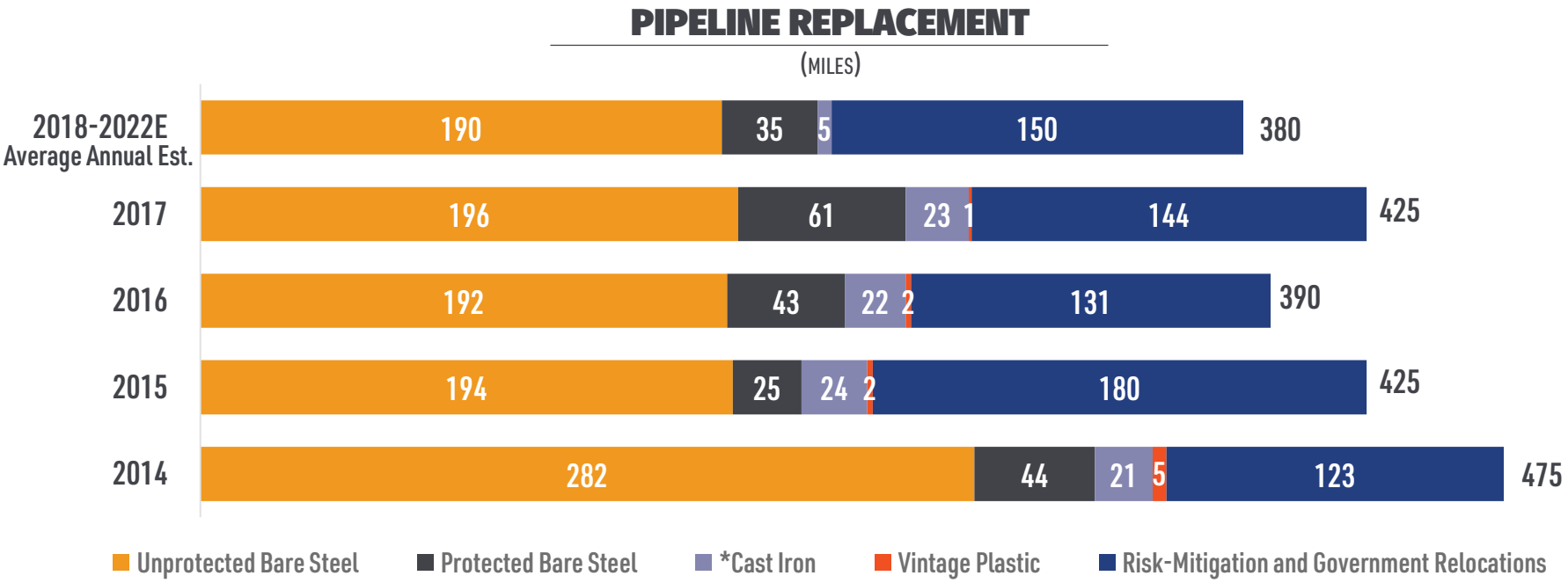
2018E CAPITAL RECOVERY TIMING



ONE Gas

CAPITAL HORIZON & CLARITY

Pipeline Replacement: Focus on Maintaining Safe and Reliable Operations



Note: Pipeline replacement due to changes in state or federal regulations is not projected in this 5-year replacement estimate. Replacement mileage includes service lines, distribution mains and transmission pipelines. Year over year variances in mileage replacement are driven by construction resources, project type and permitting.

**All 25 miles of remaining cast iron will be replaced by the end of 2019.*

ONE Gas

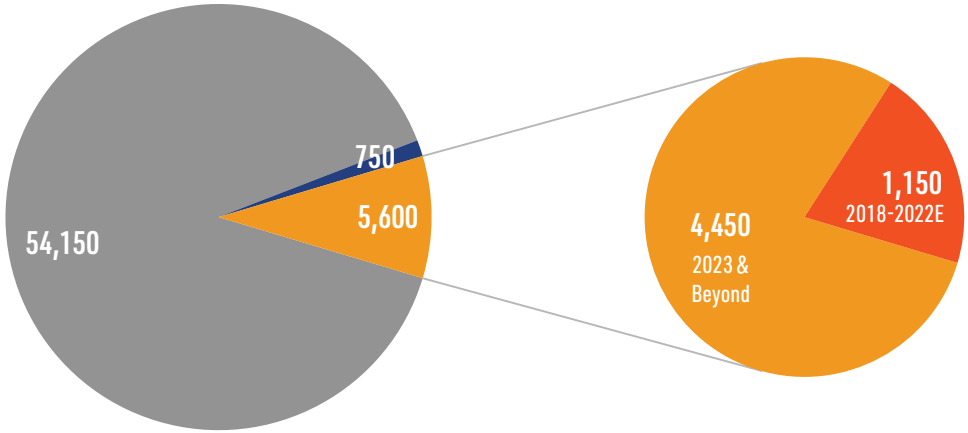
CAPITAL HORIZON & CLARITY

Vintage Pipeline Replacement Program

- ~60,500 total miles of distribution mains and services and transmission pipelines
- ~5,600 miles of identified vintage inventory
- Over past 4 years, averaged ~284 miles vintage pipe replaced per year
- Represents 20+ year investment runway

VINTAGE PIPE AS PORTION OF TOTAL PIPELINE INVENTORY

(MILES)



- All Other Main, Service & Transmission Pipelines
- Risk-Mitigation & Government Relocations 2018-2022E
- Identified Inventory of Vintage Materials
- * Vintage Replacement Program 2018-2022E

Note: Pipeline replacement due to changes in state or federal regulations is not projected in this 5-year replacement estimate. Total and replacement mileage includes service lines, distribution mains, transmission pipelines and customer-owned facilities. Customer-owned facilities are not a part of total miles.

** The vintage asset replacement program includes: cast iron, wrought iron, unprotected bare steel, protected bare steel and vintage plastic.*

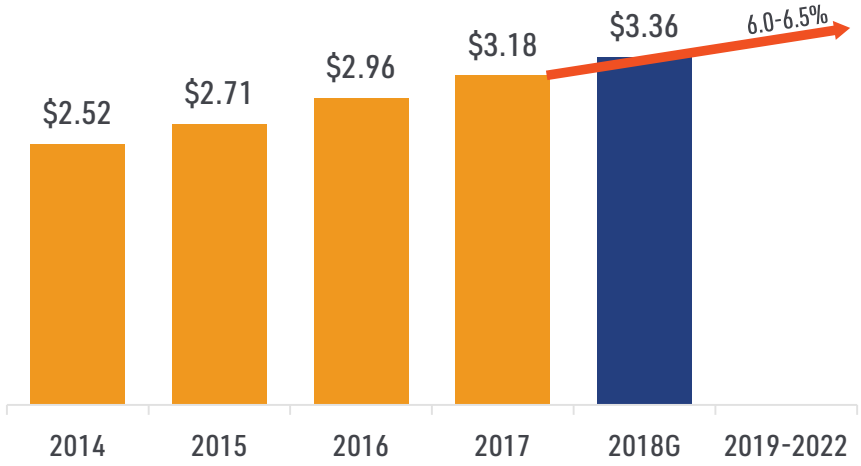
ONE Gas

CAPITAL HORIZON & CLARITY

Capital Investment – Rate Base Growth

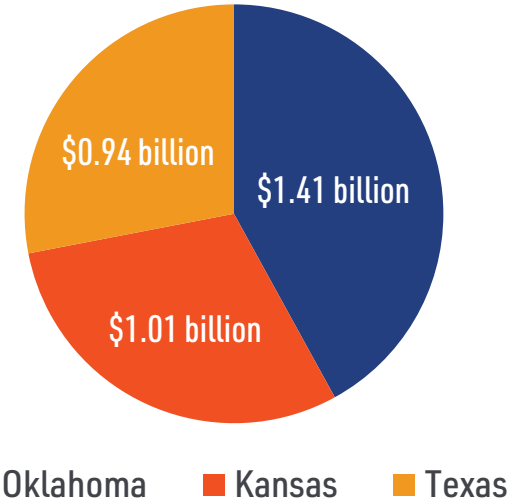
RATE BASE

(BILLIONS)



2018 ESTIMATED RATE BASE

TOTAL: $3.36 BILLION*



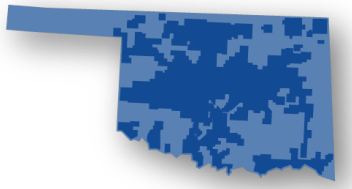
** Estimated average rate base; calculation consistent with utility ratemaking in each jurisdiction*

ONE Gas

REGULATORY CONSTRUCT & UPDATE

REGULATORY CONSTRUCT

Governance



KANSAS	OKLAHOMA	TEXAS
Kansas Corporation Commission	Oklahoma Corporation Commission	"Home Rule" with six jurisdictions*
Three commissioners appointed by the governor to four-year staggered terms	Three commissioners elected to six-year staggered terms	Texas Railroad Commission has appellate authority; three commissioners elected to six-year staggered terms

**Reduced to six jurisdictions from 10 since Feb. 2014, providing improved regulatory efficiency*

ONE Gas

REGULATORY CONSTRUCT

Recovery Mechanisms By State

COMPREHENSIVE RECOVERY MECHANISMS	OKLAHOMA	KANSAS	TEXAS*
Interim capital recovery	X	X	X
Weather normalization	X	X	X
Purchased gas riders (including gas cost portion of bad debts)	X	X	X
Energy efficiency/conservation programs	X		X
Pension and other Post-Retirement Benefits Trackers	X	X	X
Cost-of-Service Adjustment	X		X

** Six jurisdictions in Texas; not all mechanisms apply to each jurisdiction*

ONE Gas

REGULATORY CONSTRUCT

Filing Timeline: Oklahoma & Kansas

ONG

2017 | 2018 | 2019 | 2020 | 2021 | 2022

- Performance-based rates change approved August 2017, no modification to base rates
- **Performance-based rates change filed March 2018, $5.6 million credit**
- Performance-based rate filings in March 2019 and 2020
- General rate case application filing in June 2021, with new rates effective early 2022, if applicable

KGS

2017 | 2018 | 2019 | 2020 | 2021 | 2022

- $2.9 million GSRS approved November 2017, with new rates effective December 2017
- **$2.38 million GSRS approved November 2018, with new rates effective December 2018**
- **General rate case application filed June 2018, new rates effective first quarter 2019**
- GSRS filing annually in August, with new rates effective in January of the following year; rate cases as needed

ONE Gas

REGULATORY CONSTRUCT

Filing Timeline: Texas

JURISDICTION	FILING HIGHLIGHTS	STATUS	AMOUNT	RATES EFFECTIVE
West Texas	• GRIP for both incorporated and environs areas	Approved	$3.5 million increase	July 2018
	• Tax reform adjustment to rates for both incorporated and environs areas	Approved	$4.7 million reduction; $2.4 million one-time refund	July 2018; May 2018
Rio Grande Valley	• COSA for incorporated areas	Approved	$1.1 million increase	August 2018
	• Tax reform adjustment to rates for both incorporated and environs areas	Approved	$1.6 million reduction; $0.4 million one-time refund	April 2018; May 2018
	• Rate case for unincorporated areas	Approved	$0.5 million increase	April 2018
Central Texas	• GRIP for both incorporated and environs areas	Approved	$3.3 million increase	July 2018
	• Tax reform adjustment to rates for both incorporated and environs areas	Approved	$4.9 million reduction; $2.5 million one-time refund	July 2018; May 2018
Gulf Coast	• COSA for incorporated areas	Approved	$0.8 million reduction; $0.6 million one-time refund	August 2018; August 2018
North Texas	• Rate case for both incorporated and environs areas	Approved	$0.6 million increase $0.7 million one-time refund	December 2018 January 2019
Borger	• Rate case for both incorporated and environs areas	Filed August 2018	$0.1 million increase $0.1 million one-time refund	Expected March 2019 Expected March 2019

ONE Gas

REGULATORY CONSTRUCT

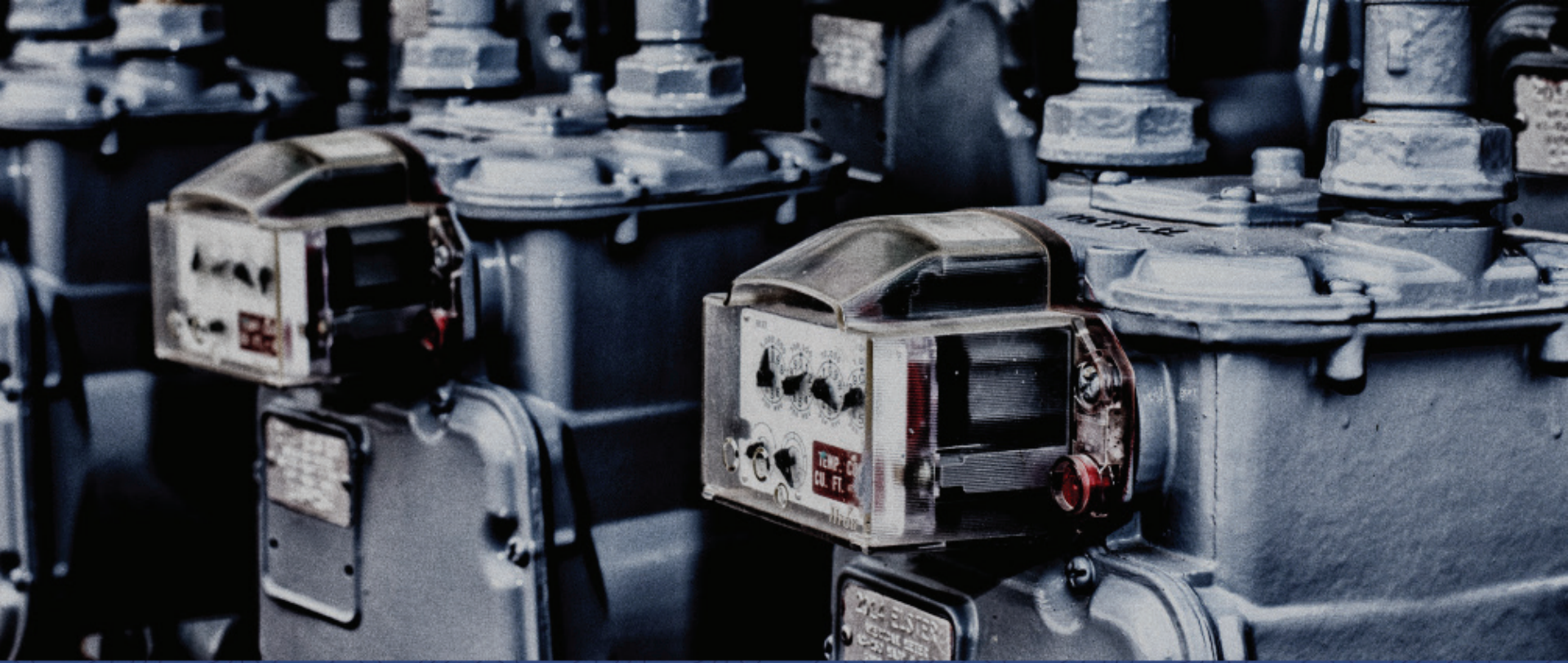
Kansas GSRS: Expanded Gas System Reliability Surcharge

	6/30/2018 TEST YEAR		
	CAPITAL EXPENDITURES (MILLIONS)	REVENUE (MILLIONS)	COST PER RESIDENTIAL CUSTOMER PER MONTH
GSRS through 12/31/2018	$29.0	$2.4	$0.24
Pro Forma GSRS beginning 1/1/2019	$59.9	$5.9	$0.60

EXPANDED SCOPE OF GSRS – BEGINNING JANUARY 1, 2019

- Projects eligible for recovery include:
  - All expenditures to replace, upgrade or modernize obsolete facilities
  - Projects that enhance the integrity of pipeline system components or extend the useful life of such assets
- Safety-related investment will include expenditures for physical and cyber security
- Cap on monthly residential surcharge increased to 80 cents from 40 cents

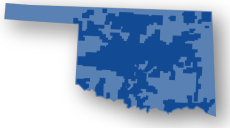
ONE Gas



CASH FLOW STABILITY

CASH FLOW STABILITY

Revenue Drivers



	KANSAS	OKLAHOMA	TEXAS	TOTAL
Fixed Charges – Sales customers*	54%	88%	66%	71%
Weather Normalization	100%	100%	100%	100%
Average Annual Heating Degree Days – Normal	4,889	3,264	1,785	-

Note: Based on 2017 annual results

** Percentage of total net margin on natural gas sales*

ONE Gas

CASH FLOW STABILITY

High Percentage of Residential Customers

Note: Based on 2017 annual results

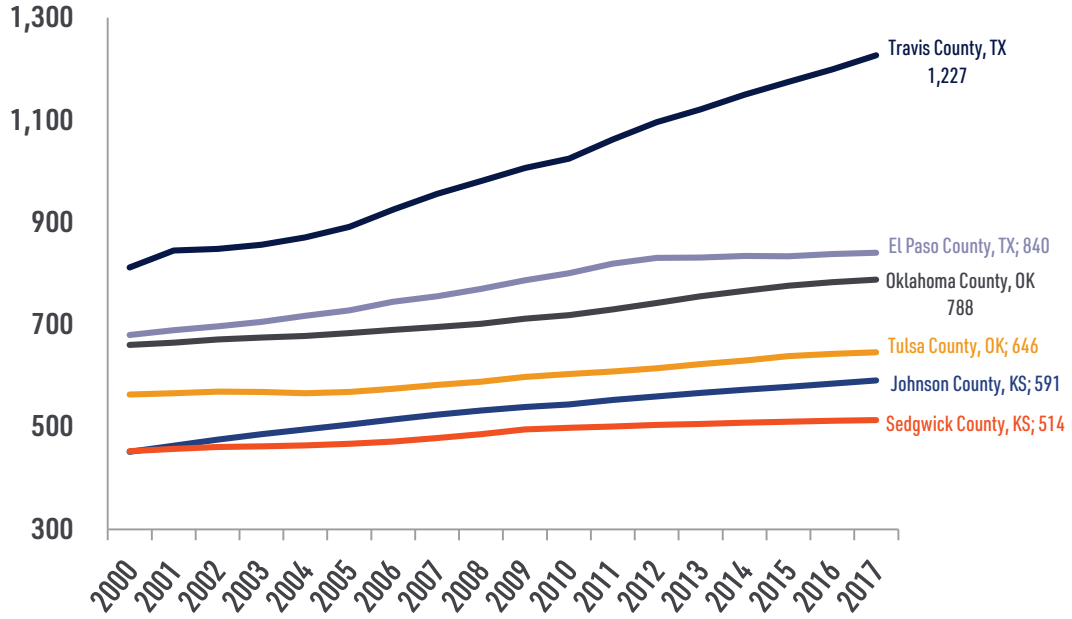
ONE Gas

CASH FLOW STABILITY

Population Growth in Service Territories

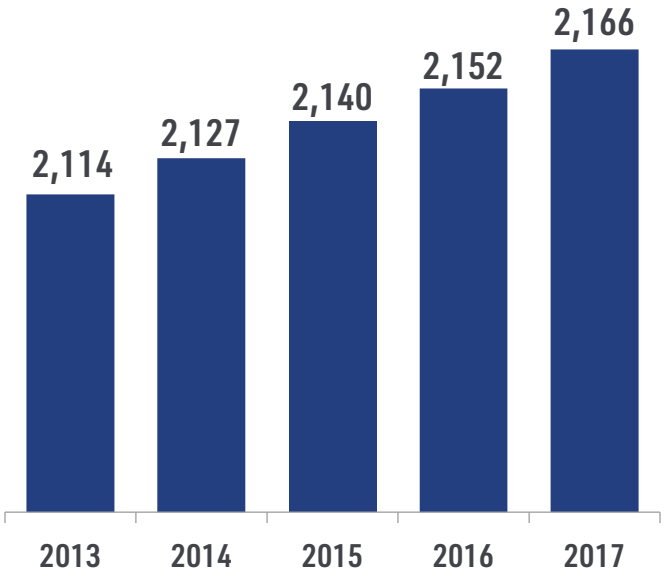
MAJOR METRO COUNTY POPULATION

(THOUSANDS)



AVERAGE CUSTOMER COUNT

(THOUSANDS)



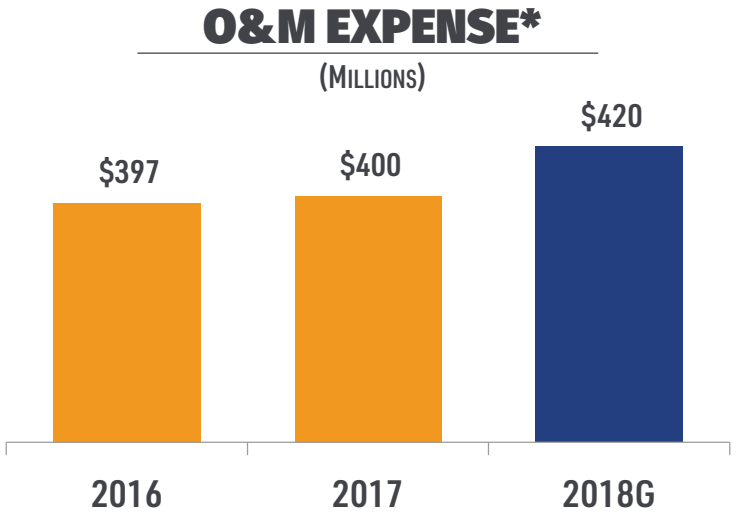
Source: U.S. Census Bureau, updated January 2018

ONE Gas

CASH FLOW STABILITY

O&M Expense Control: Building a Foundation for Long-Term Affordability

- Leveraging technology to control expenses by:
  - Increasing efficiency and optimizing processes
  - Making it easier for customers to self-serve
- Forecasting average annual O&M increase of less than 2.5% between 2017 and 2022



Reflects retrospective adoption of ASU 2017-07

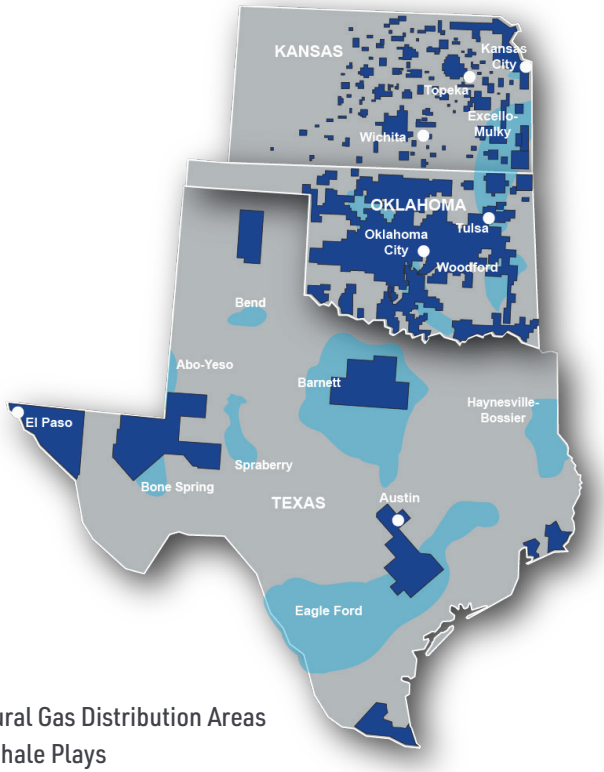
ONE Gas

COMPETITIVE ADVANTAGE

COMPETITIVE ADVANTAGE

Proximity to Supply: Location Supports Sustainability

- Close proximity to significant natural gas reserves[1]
  - 63% of all rigs in U.S. operating in Oklahoma and Texas
- Net natural gas exporters[2]
  - Texas: 2.6 Tcf of 4.0 Tcf produced
  - Oklahoma: 1.5 Tcf of 2.3 Tcf produced
- Estimated future supply of natural gas[3]
  - United States: 3,141 Tcf
  - ~38 Tcf annual production[4]



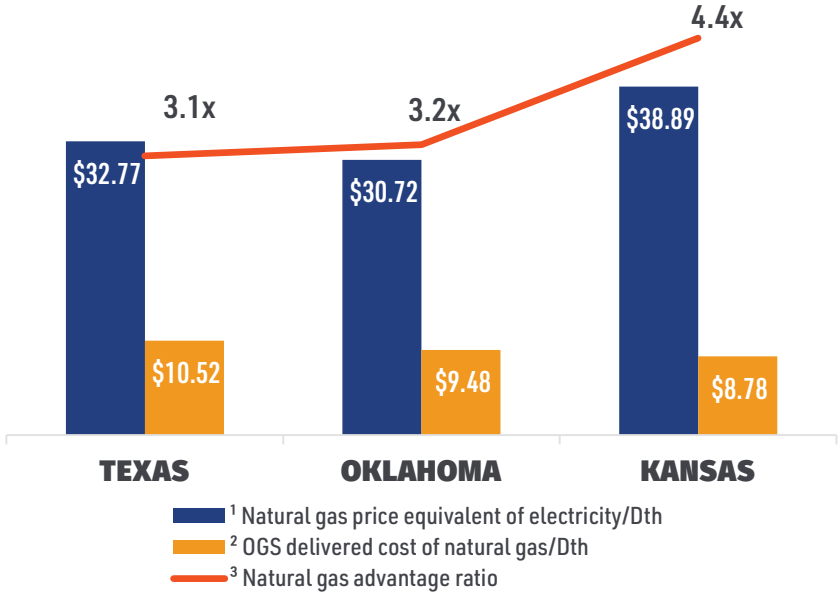
[1] *Source: Baker Hughes, as of November 2018*
[2] *Source: EIA.gov, as of 2016*
[3] *Source: Potential Gas Committee, reserves plus resources, as of 2016*
[4] *Source: EIA.gov, trailing 12 months, as of August 2018*

ONE Gas

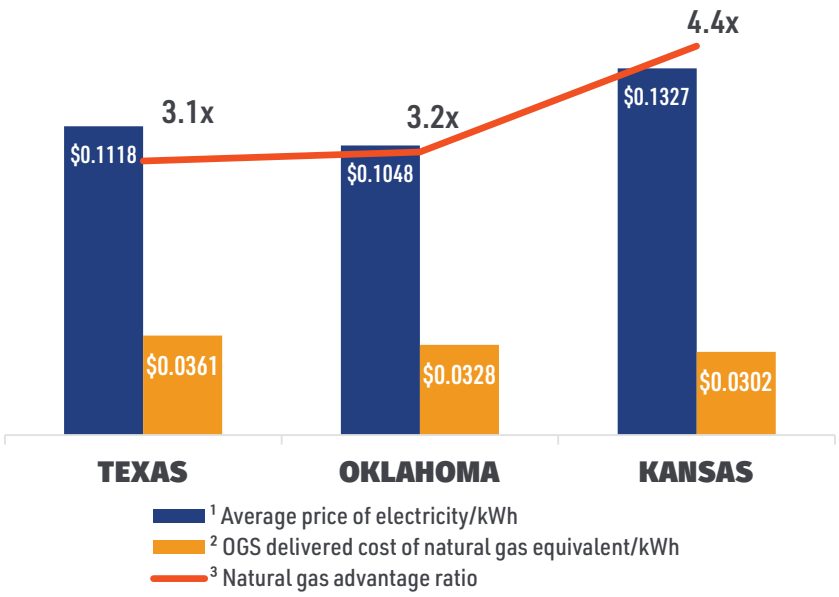
COMPETITIVE ADVANTAGE

3.5-to-1 Average Advantage Continues in ONE Gas Territories

DTH EQUIVALENT ELECTRICITY VS. NATURAL GAS



KWH EQUIVALENT NATURAL GAS VS. ELECTRICITY



[1] *Source: United States Energy Information Agency, www.eia.gov, for the twelve-month period ended December 31, 2017.*

[2] *Represents the average delivered cost of natural gas to a residential customer, including the cost of the natural gas supplied, fixed customer charge, delivery charges and charges for riders, surcharges and other regulatory mechanisms associated with the services we provide, for the year ended December 31, 2017.*

[3] *Calculated as the ratio of the natural gas price equivalent per dekatherm of the average retail price of electricity per kilowatt hour to the ONE Gas delivered average cost of natural gas per dekatherm.*

ONE Gas

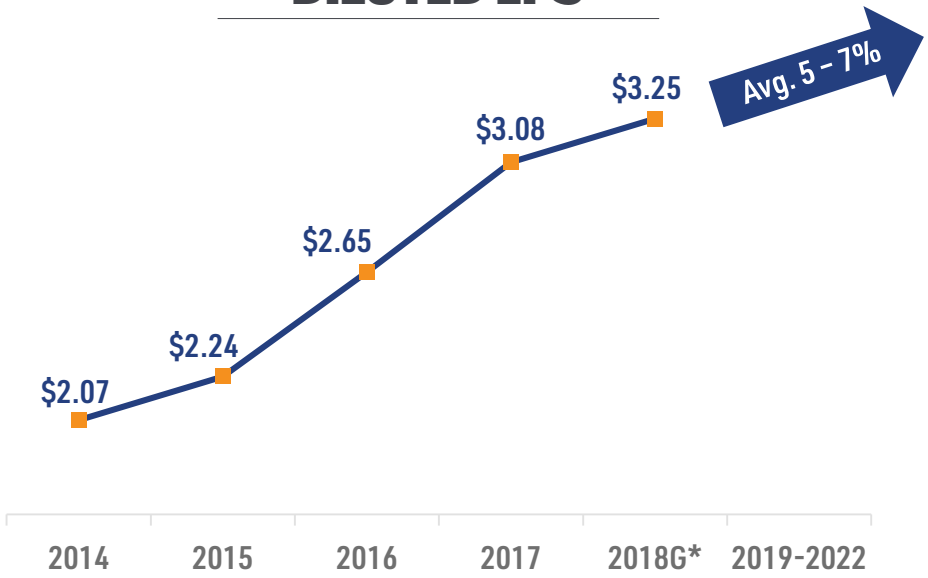
FINANCIAL PERFORMANCE & OBJECTIVES

2018 GUIDANCE

Affirmed October 29, 2018

- Net income range of $167-$178 million
- EPS range of $3.15 - $3.35
- ROE of 7.9%, reflecting the midpoint of earnings guidance range of $3.25 per diluted share and the forecasted 2018 estimated rate base of $3.36 billion
- Rate base expected to grow an average of ~6.0-6.5% per year between 2017-2022
- Expected average annual EPS growth of 5-7% between 2017 and 2022
- 2017 includes $0.13 per share net benefit related to a new accounting standard, a Kansas accounting authority order and tax reform**

DILUTED EPS



*Represents midpoint of guidance range

** Refer to Earnings Release dated February 21, 2018 for details of how these items impacted diluted earnings per share

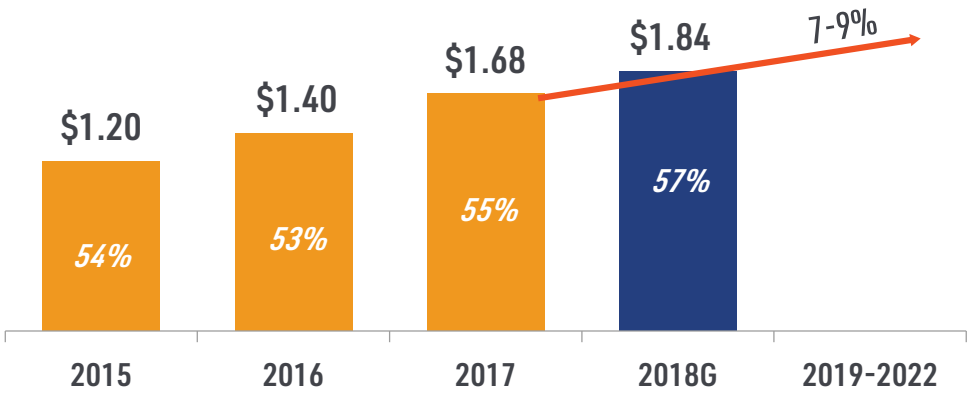
ONE Gas

GROWING DIVIDENDS

Building Shareholder Value

- Quarterly dividend of 46 cents per share, resulting in an annualized dividend of $1.84 per share
- Target dividend payout ratio of 55-65% of net income
- Expected average annual dividend growth of 7-9% between 2017 and 2022

DIVIDENDS DECLARED & PAYOUT RATIO

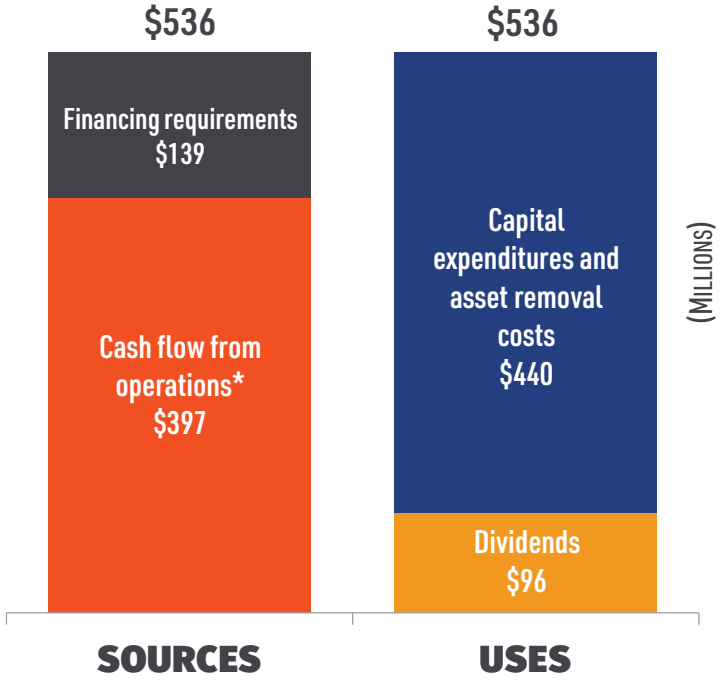


ONE Gas

2018 CASH FLOW

Sources and Uses

- Dividends and capital expenditures primarily funded by cash flow from operations
- $700 million revolving credit facility supports financing needs through the commercial paper program



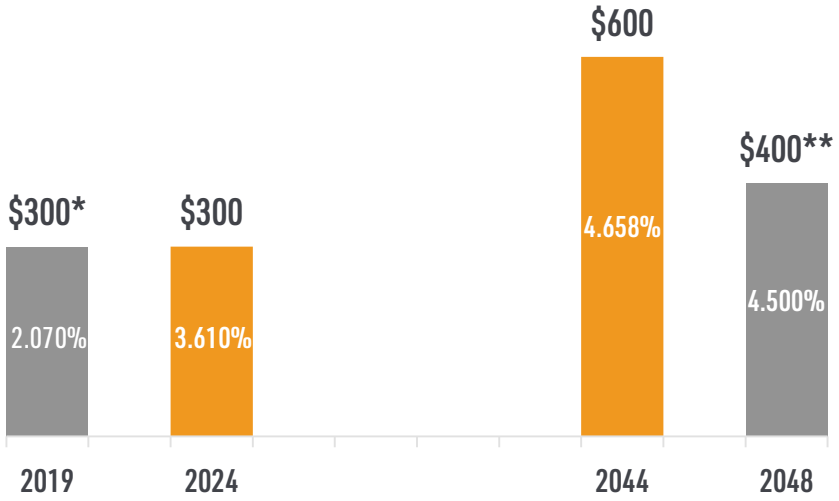
** Before changes in working capital*

ONE Gas

MANAGEABLE DEBT PROFILE

Strong Liquidity Position – as of September 30, 2018

DEBT MATURITIES (MILLIONS)



** Will be repaid with proceeds from $400 million offering made in November 2018*
*** Issued November 5, 2018*

LIQUIDITY PROFILE

(MILLIONS)

** Includes commercial paper and letters of credit*

ONE Gas

TAX CUTS AND JOBS ACT OF 2017

Summary

- Revenue deferral offset by lower tax expense
- Excess deferred taxes will be refunded over ~35-40 years
- End of bonus depreciation impacts cash flows
- Rate base growth increases

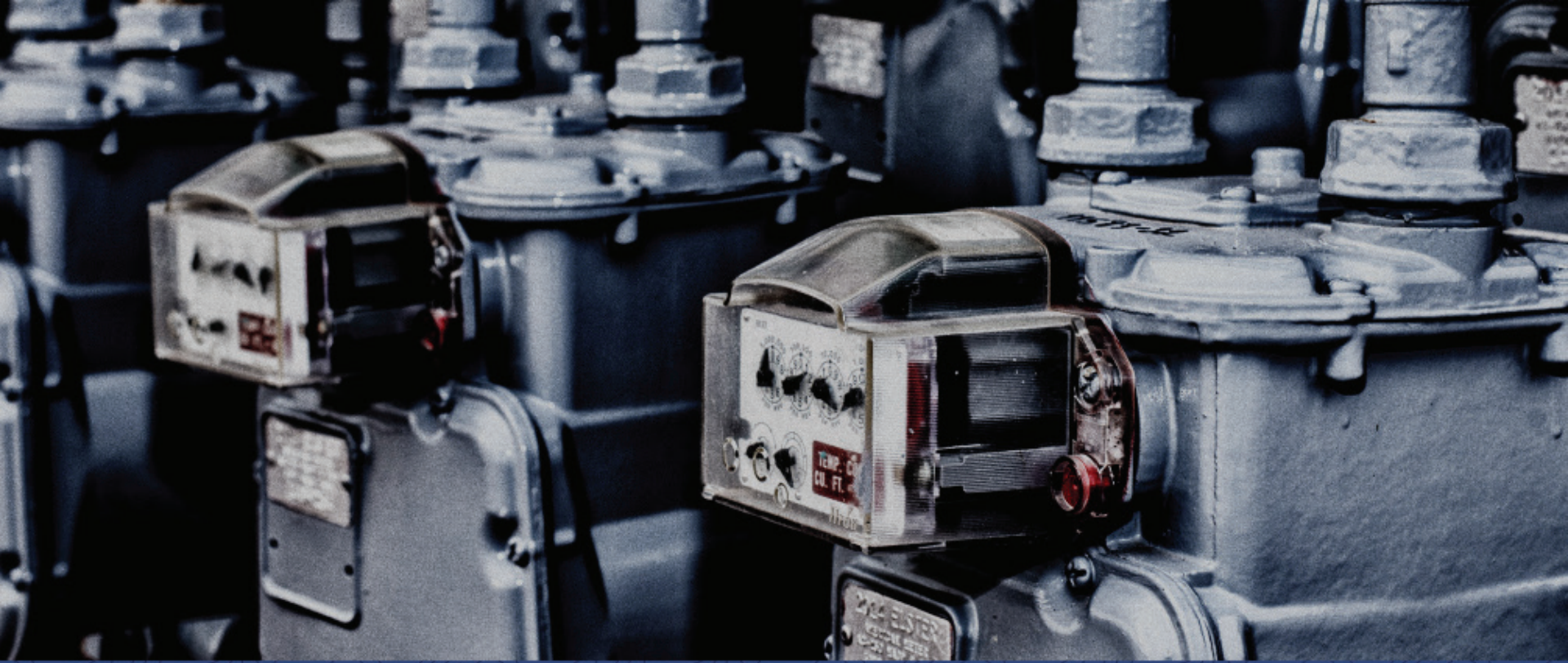
ONE Gas

KEY TAKEAWAYS

KEY TAKEAWAYS

- Focused business strategy
- Well-defined capital investment plan
- Stable revenue and cash flow profile

ONE Gas



APPENDIX

CORPORATE STRUCTURE

ONE Gas

INCORPORATED ENTITY

- 100% regulated natural gas distribution
- No levered holding company, all debt issued at OGS
- Division capital structures match Corporate capital structure

Oklahoma Natural Gas®
A Division of ONE Gas

Kansas Gas Service®
A Division of ONE Gas

Texas Gas Service®
A Division of ONE Gas

CUSTOMER AND ASSET MIX

Key Statistics as of December 31, 2017

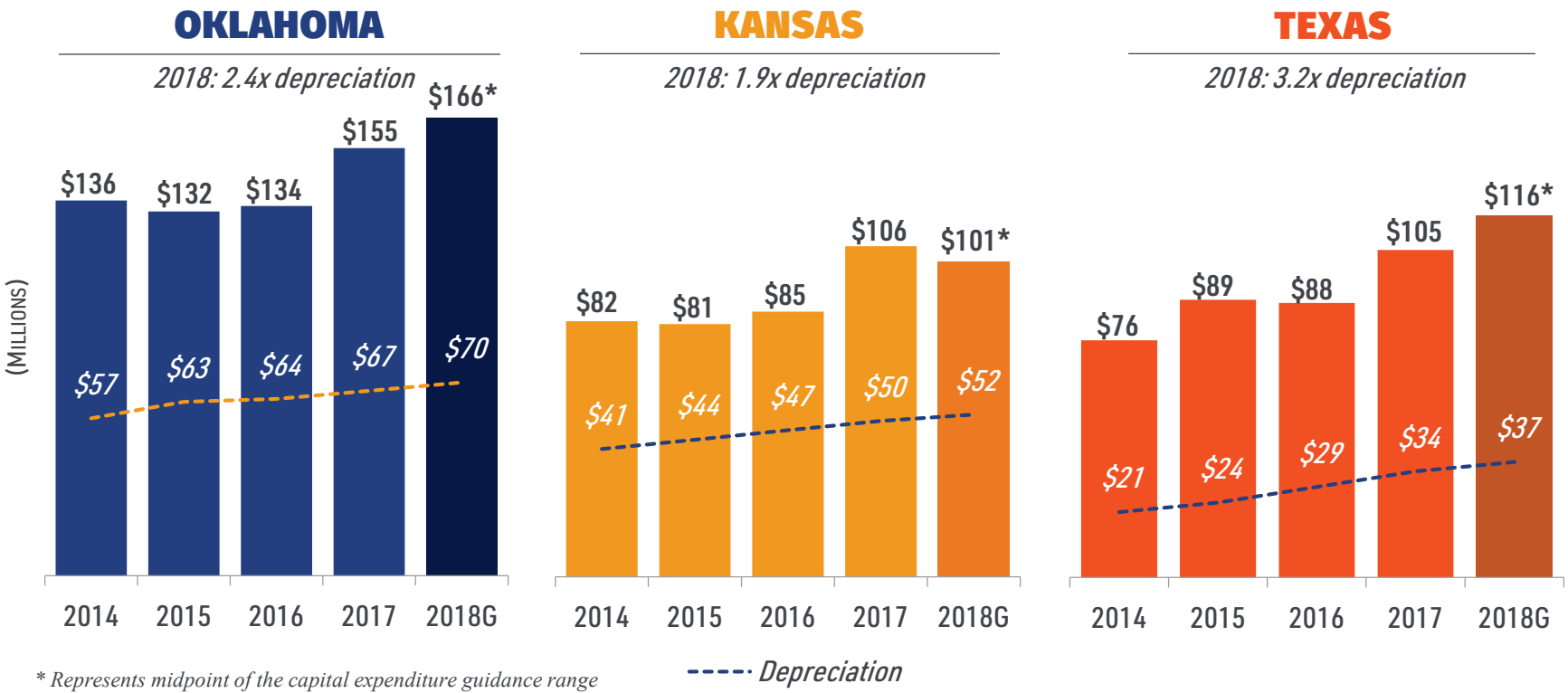
	KANSAS GAS SERVICE	OKLAHOMA NATURAL GAS	TEXAS GAS SERVICE	TOTAL
Average Number of Customers	638,119	871,482	656,480	2,166,081
Distribution – Miles*	11,400	18,500	10,300	40,200
Transmission – Miles*	1,600	700	300	2,600

** Totals do not include service lines*

ONE Gas

CAPITAL EXPENDITURES

By State



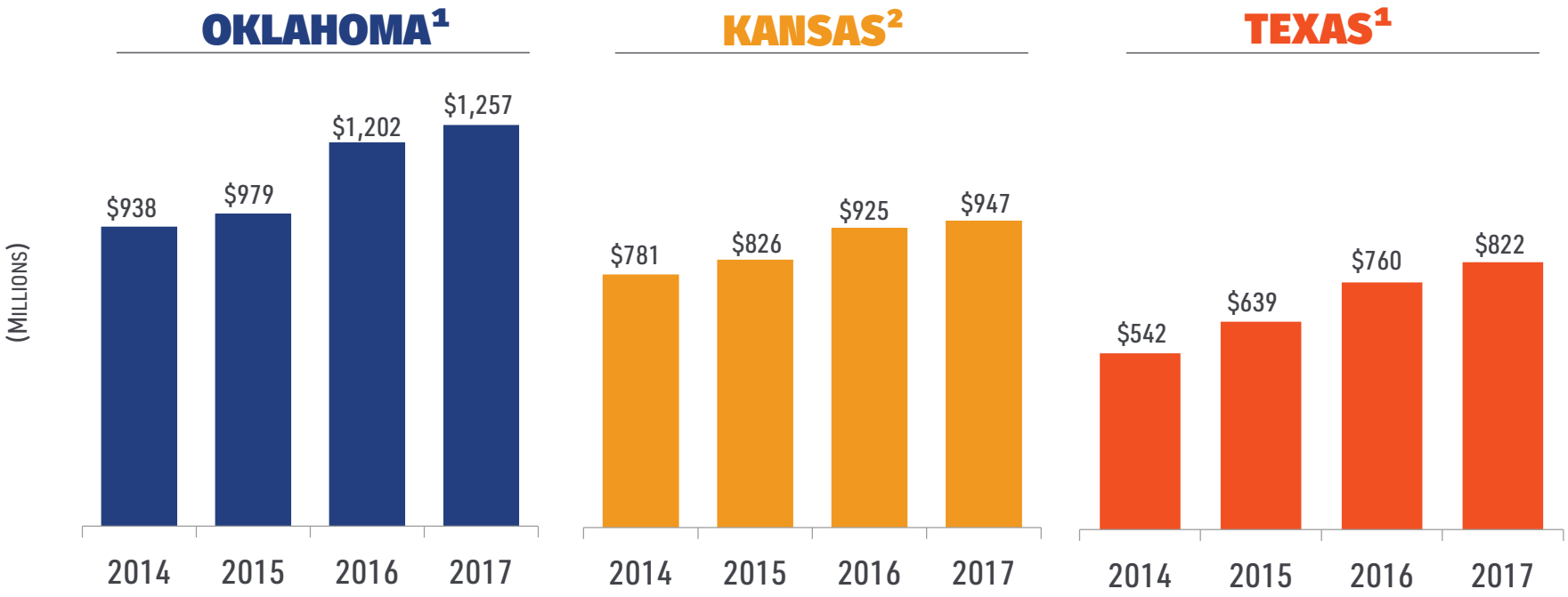
** Represents midpoint of the capital expenditure guidance range*

Note: Capital expenditures include accruals and any adjustments in the year

ONE Gas

AUTHORIZED RATE BASE

Historical by State at Year End



[1] *Rate bases presented in this table are those from the last approved rate filings for each jurisdiction. These amounts are not necessarily indicative of current or future rate bases.*

[2] *Last rate case was settled without a determination of rate base and includes the amounts included in the company's filings; these amounts are not necessarily indicative of current or future rate base.*

ONE Gas

TAX REFORM – DETAIL BY STATE

Tax Cuts and Jobs Act of 2017

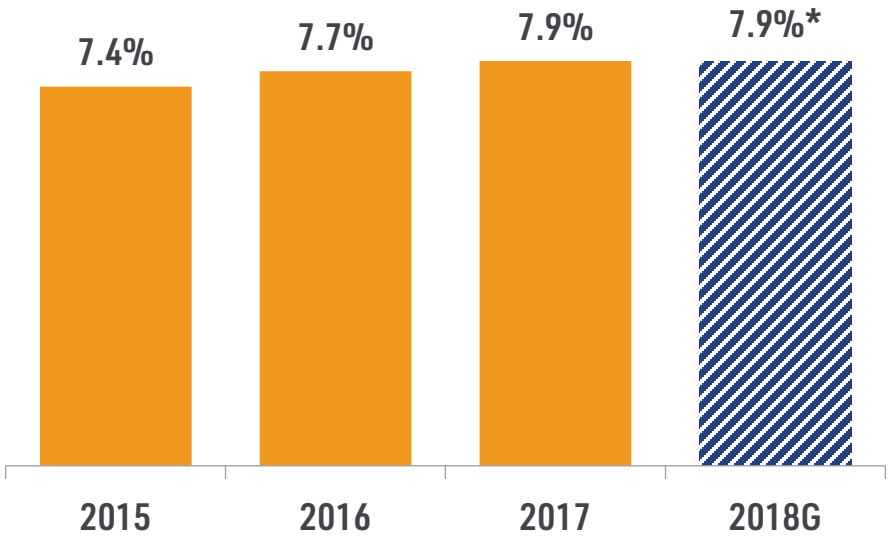
- **OKLAHOMA:** In March 2018, ONG's PBRC filing requested potential refunds including:
  - A regulatory liability reflecting the revaluation of accumulated deferred income tax (ADIT) for the change in the federal income tax rate that will be returned to customers over an amortization period
  - An additional $4.3 million liability for the estimated impact to customer rates for the period between January 9, 2018, and the date new rates are expected to go into effect
- **KANSAS:** KGS will accrue $14.1 million, as a regulatory liability – the portion of its revenue representing the difference between the 21 percent and 35 percent federal tax rate for 2018. KGS will establish a regulatory liability reflecting the revaluation of ADIT for the change in the federal income tax rate that will be returned to customers over an amortization period. Both of these items will be addressed in KGS' next rate case
- **TEXAS:** Requests were approved in four TGS jurisdictions regarding treatment of tax reform:
  - West Texas: $4.7 million decrease to rates and a one-time refund of $2.4 million
  - Rio Grande Valley: $1.6 million decrease to rates and a one-time refund of $0.4 million
  - Central Texas: $4.9 million decrease to rates and a one-time refund of $2.5 million
  - Gulf Coast: $0.8 million decrease to rates and a one-time refund of $0.6 million
  - North Texas: $0.9 million decrease to rates and one-time refund of $0.7 million
  - Borger: $0.2 million decrease to rates and one-time refund of $0.1 million requested in August 2018

ONE Gas

RETURN ON EQUITY

Opportunity to Improve

- Goal: Minimize the gap between allowed and actual returns



** Reflects the midpoint of earnings guidance range of $3.25 per diluted share and the forecasted 2018 estimated average rate base of $3.36 billion.*

ONE Gas

REGULATORY INFORMATION

By State as of November 2018 - Authorized

	RATE BASE (MILLIONS)	RATE BASE PER CUSTOMER	AUTHORIZED RATE OF RETURN	AUTHORIZED RETURN ON EQUITY
Oklahoma Natural Gas[1]	$1,257	$1,447	7.225%	9-10%
Kansas Gas Service[2]	$971	$1,533	N/A	N/A
Texas Gas Service[1]	$895	$1,353	7.3%	9.5%

[1] The rate base, authorized rate of return and authorized return on equity presented in this table are those from the last approved rate filings for each jurisdiction. These amounts are not necessarily indicative of current or future rate bases, rates of return or returns on equity.

[2] The most recent rate case was settled without a determination of rate base, return on equity or rate of return; rate base reflects Kansas Gas Service's estimate of rate base contained within the settlement and subsequent GSRS filings.

ONE Gas

OKLAHOMA NATURAL GAS RATE CASE

New Rates Effective January 2016

HIGHLIGHTS	
Amount	$29.995 million
Customer impact	$2.96 per month increase for typical residential customer
Rate base	$1.2 billion
Return on equity	9.5% (midpoint of allowed band)
Common equity ratio*	60.5%
Debt costs	3.95%
Other	• Continuation of Performance Based Rate Change (PBR) plan • Regulatory asset for $2.4 million of separation costs

** The initial common equity ratio will be 60.5 percent, unchanged from the original filed request. For each future PBRC filing, the maximum allowed common equity ratio will decrease by 1 percent beginning with a 59 percent common equity ratio in the 2017 PBRC review of calendar year 2016, and ending with a 56 percent common equity ratio in the 2020 PBRC review of calendar year 2019.*

ONE Gas

KANSAS GAS SERVICE RATE CASE

Filed June 29, 2018

HIGHLIGHTS	
Base rates	$45.6 million total increase, $42.7 million net increase (already recovering $2.9 million through GSRS)
Operating income	~$31 million annual impact, as filed
Customer impact	$5.67 per month increase for average residential customer
Rate base	$1.0 billion
Capital expenditures	$179 million since the previous general rate case
Return on equity	10.0%
Common equity ratio	62.2%
Debt costs	3.94%
Other	• Each 25 bps change in requested ROE results in a change of approximately $2.2 million • Every 1% change in requested equity ratio results in a change of approximately $1.4 million

ONE Gas

KANSAS GAS SERVICE

Accounting Authority Order

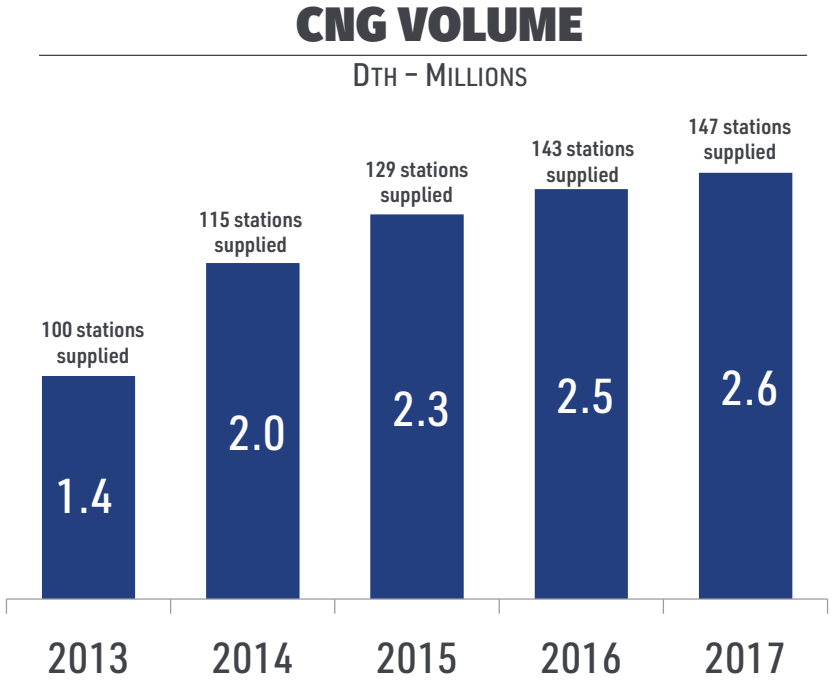
HIGHLIGHTS	
Details	• The agreement allows Kansas Gas Service to defer manufactured gas plant (MGP) costs for the investigation and remediation at the 12 former MGP sites incurred after January 1, 2017, up to a cap of $15.0 million, net of any related insurance recoveries and amortize approved costs in a future rate proceeding over a 15-year period • The unamortized amounts will not be included in rate base or accumulate carrying charges • At the time future investigation and remediation work, net of any related insurance recoveries, is expected to exceed $15.0 million, Kansas Gas Service will be required to file an application with the KCC for approval to increase the $15.0 million cap
Estimated Costs	A regulatory asset of approximately $5.9 million was recorded in the fourth quarter 2017 for estimated costs that were accrued at January 1, 2017
Status	Approved November 2017

ONE Gas

COMPRESSED NATURAL GAS (CNG)

Current Outlook

- Currently operate 27 fueling stations accessible to the public, 5 private stations
- Currently transporting supply to 68 retail and 53 private CNG stations
- Rebate program in Oklahoma; Austin, Texas
- Industry
  - Continued interest in CNG for transportation, particularly by fleet operators
  - Tax incentives and rebates further contribute to positive economics



Note: Updated as of September 30, 2018

ONE Gas

NON-GAAP INFORMATION

ONE Gas has disclosed in this presentation cash flow from operations before changes in working capital and adjusted diluted earnings per share, which are non-GAAP financial measures. Cash flow from operations before changes in working capital and adjusted diluted earnings per share are used as measures of the company's financial performance. Cash flow from operations before changes in working capital is defined as net income adjusted for depreciation and amortization, deferred income taxes, and certain other noncash items. Adjusted diluted earnings per share is defined as diluted earnings per share excluding adoption of the share-based accounting standard, accounting authority order in Kansas and the impact of tax reform.

These non-GAAP financial measures described above are useful to investors as indicators of financial performance of the company's investments to generate cash flows sufficient to support our capital expenditure programs and pay dividends to our investors. ONE Gas cash flow from operations before changes in working capital should not be considered in isolation or as a substitute for net income or any other measure of financial performance presented in accordance with GAAP.

This non-GAAP financial measure excludes some, but not all, items that affect net income. Additionally, these calculations may not be comparable with similarly titled measures of other companies. A reconciliation of cash flow from operations before changes in working capital and adjusted diluted earnings per share are included in this presentation.

CASH FLOW FROM OPERATIONS

Before Changes in Working Capital*

(Millions)	UPDATED 2018 GUIDANCE	PREVIOUS 2018 GUIDANCE	CHANGE
Net Income	$ 172	$ 162	$ 10
Depreciation and amortization	161	164	(3)
Deferred taxes	48	41	7
Other	16	13	3
Cash flow from operations before changes in working capital	$397	$380	$17

** Amounts shown are midpoints of ranges provided.*

ONE Gas