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March 3, 2017
Honorable Mayors and Members
of the City Councils of the following Texas cities:

Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs,
Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon,
Rollingwood, Shiner, Sunset Valley, West Lake Hills, and
Yoakum, Texas

Re: Texas Gas Service Company, a division of ONE Gas, Inc.'s 2016 Gas Reliability Infrastructure
Program Interim Rate Adjustment for the Incorporated Areas of the Central Texas Service Area

Dear Mayors and Members of the City Councils:

Texas Gas Service Company ("TGS" or the "Company"), a division of ONE Gas, Inc., hereby respectfully files the attached tariffs to implement an Interim Rate Adjustment applicable to gas utility service provided to customers within the Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas (collectively, the "Cities"), which together with their environs comprise the Company's Central Texas Service Area ("CTSA"). TGS proposes that the tariffs (Rate Schedules 10-48, CNG-1, C-1 and T-1) become effective in sixty (60) days and be applied to meters read on and after May 2, 2017. This filing is made pursuant to Section 104.301 (Interim Adjustment for Changes in Investment) of the Texas Utilities Code.

Section 104.301 establishes the state's Gas Reliability Infrastructure Program and is commonly referred to as the "GRIP" statute. Its purposes are to encourage the timely investment in needed system improvements and to reduce the frequency of traditional rate cases by providing a streamlined process for utilities to recover the cost of those investments on an interim basis between rate cases. The GRIP statute complements the traditional ratemaking and regulatory process by allowing for an annual interim adjustment of rates to reflect changes in the value of capital invested each year. Within two years of a general rate case, a utility may begin to file Interim Rate Adjustments for five consecutive years. The regulatory authority—here, the Cities—has an initial period of not more than sixty (60) days to review the proposed rate adjustment, and may act to suspend the implementation of the Interim Rate Adjustment for an additional forty-five (45) days, as provided by subsection (a) of the GRIP statute.

GRIP adjustments are not intended to eliminate the need for a full and complete rate review. Under the GRIP statute, a general rate case must still be filed at least once every five (5) years, at

which time all interim rate adjustments are subject to complete review in the same manner as other changes to the utility's invested capital that have occurred since the last rate case, and are subject to refund to the extent that any underlying investments are disallowed. This is the Company's first interim rate adjustment filing with the Cities following the 2016 rate case.

In this filing, the Company has determined the net increase in capital invested in the CTSA from January 1, 2016, through December 31, 2016, to be \$33,627,885. The Interim Rate Adjustment necessary to recover this incremental investment is \$4,533,721 for the incorporated areas and would increase the average residential bill by one dollar and thirty-three cents (\$1.33) per month excluding taxes.

The proposed Interim Rate Adjustment is allocated among the various customer classes in the same manner as the cost of service was allocated in the Company's current rates for the CTSA, and will be recovered through an increase in the monthly customer charge applicable to each customer class.

Exhibit 1 shows the impact the Interim Rate Adjustment will have on the average bill for each class of customers served in the CTSA. The rate increase is detailed on Rate Schedules 10-48, CNG-1, C-1 and T-1 and filed herewith behind the tab labeled "Proposed Tariff." The Company will provide notice of the proposed Interim Rate Adjustment rate increase to all affected customers, by bill insert or direct mail, not later than the 45th day after the date of this filing, as required by subsection (a) of the GRIP statute.

The Company is available to discuss or answer any questions you may have about this filing, and can be contacted at (512) 370-8301. TGS appreciates your consideration of the proposed IRA filing.

Respectfully Submitted,

TEXAS GAS SERVICE COMPANY

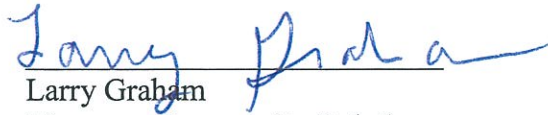

Larry Graham
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Exhibit 1

Customer Class	Current Customer Charge	Proposed Customer Charge	Current Average Bill	Proposed Average Bill	Change in Average Bill	% Change in Average Bill
Gas Sales						
Residential Average Usage of 3.0 Mcf	\$15.28	\$16.61	\$32.41	\$33.74	\$1.33	4.10%
Commercial Average Usage of 24.4 Mcf	\$38.00	\$43.79	\$158.72	\$164.51	\$5.79	3.65%
Industrial Average Monthly Bill 158.3 Mcf	\$150.00	\$215.77	\$894.09	\$959.86	\$65.77	7.36%
Public Authority Average Monthly Bill @ 42.3 Mcf	\$47.00	\$60.96	\$251.55	\$265.51	\$13.96	5.55%
Public School Space Heating Average Monthly Bill @ 157.9 Mcf	\$100.00	\$113.96	\$839.57	\$853.53	\$13.96	1.66%
Electrical Cogeneration	\$70.00	\$83.96	-- No Customers --			
Compressed Natural Gas Average Monthly Bill @ 1.6 Mcf	\$50.00	\$110.25	\$57.05	\$117.30	\$60.25	105.60%
Transportation						
Commercial Average Monthly Bill @ 346.4 Mcf	\$250.00	\$255.79	\$706.39	\$712.18	\$5.79	0.82%
Industrial Average Monthly Bill @ 969.7 Mcf	\$350.00	\$415.77	\$1,434.75	\$1,500.52	\$65.77	4.58%
Public Authority Average Monthly Bill @ 147.5 Mcf	\$70.00	\$83.96	\$254.82	\$268.78	\$13.96	5.48%
Public School Space Heating Average Monthly Bill @ 94.1 Mcf	\$200.00	\$213.96	\$303.50	\$317.46	\$13.96	4.60%
Electrical Cogeneration Average Usage of 29,443.9 Mcf	\$70.00	\$83.96	\$16,885.63	\$16,899.59	\$13.96	0.08%
Compressed Natural Gas Average Usage of 4,235.9 Mcf	\$75.00	\$135.25	\$3,102.79	\$3,163.04	\$60.25	1.94%

*Average bill usage per GUD No. 10526 filing.

*Average bills exclude revenue-related taxes.

*Average bills include cost of gas except Transportation Schedules. The cost of gas is computed using the 12-month average for 2016 of \$3.5828 per Mcf.