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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Crestwood Equity Partners LP	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Crestwood Midstream Partners LP	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

Table of Contents

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange act.

Crestwood Equity Partners LP
Crestwood Midstream Partners LP

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Crestwood Equity Partners LP Yes No
Crestwood Midstream Partners LP Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (October 29, 2018).

Crestwood Equity Partners LP 71,220,170
Crestwood Midstream Partners LP None

Crestwood Midstream Partners LP, as a wholly-owned subsidiary of a reporting company, meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this report with the reduced disclosure format as permitted by such instruction.

Table of Contents

CRESTWOOD EQUITY PARTNERS LP
 CRESTWOOD MIDSTREAM PARTNERS LP
 INDEX TO FORM 10-Q

	Page
<u>Part I – Financial Information</u>	
<u>Item 1. Financial Statements (Unaudited):</u>	
<u>Crestwood Equity Partners LP</u>	
<u>Consolidated Balance Sheets</u>	4
<u>Consolidated Statements of Operations</u>	5
<u>Consolidated Statements of Comprehensive Income</u>	7
<u>Consolidated Statement of Partners’ Capital</u>	8
<u>Consolidated Statements of Cash Flows</u>	9
<u>Crestwood Midstream Partners LP</u>	
<u>Consolidated Balance Sheets</u>	10
<u>Consolidated Statements of Operations</u>	11
<u>Consolidated Statement of Partners’ Capital</u>	12
<u>Consolidated Statements of Cash Flows</u>	13
<u>Notes to Consolidated Financial Statements</u>	14
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	46
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	56
<u>Item 4. Controls and Procedures</u>	57
<u>Part II – Other Information</u>	
<u>Item 1. Legal Proceedings</u>	58
<u>Item 1A. Risk Factors</u>	58
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	59
<u>Item 3. Defaults Upon Senior Securities</u>	59

<u>Item 4. Mine Safety Disclosures</u>	<u>59</u>
<u>Item 5. Other Information</u>	<u>59</u>
<u>Item 6. Exhibits</u>	<u>60</u>
<u>Signature</u>	<u>62</u>

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CRESTWOOD EQUITY PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(in millions, except unit information)

	September 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Current assets:		
Cash	\$ 2.4	\$ 1.3
Accounts receivable, less allowance for doubtful accounts of \$0.3 million and \$2.4 million at September 30, 2018 and December 31, 2017	352.3	442.7
Inventory	91.8	68.4
Assets from price risk management activities	7.6	7.2
Assets held for sale	69.3	3.0
Prepaid expenses and other current assets	6.2	7.9
Total current assets	529.6	530.5
Property, plant and equipment	2,505.2	2,285.2
Less: accumulated depreciation and depletion	543.7	464.4
Property, plant and equipment, net	1,961.5	1,820.8
Intangible assets	770.3	788.8
Less: accumulated amortization	206.1	191.6
Intangible assets, net	564.2	597.2
Goodwill	138.6	147.6
Investments in unconsolidated affiliates	1,166.9	1,183.0
Other non-current assets	5.6	5.8
Total assets	\$ 4,366.4	\$ 4,284.9
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	\$ 321.8	\$ 349.4
Accrued expenses and other liabilities	114.1	105.9
Liabilities from price risk management activities	43.5	48.9
Current portion of long-term debt	0.9	0.9
Total current liabilities	480.3	505.1
Long-term debt, less current portion	1,675.1	1,491.3
Other long-term liabilities	172.0	104.7
Deferred income taxes	3.1	3.3
Commitments and contingencies (Note 11)		
Partners' capital:		
Crestwood Equity Partners LP partners' capital (71,635,616 and 70,721,563 common and subordinated units issued and outstanding at September 30, 2018 and December 31, 2017)	1,243.4	1,393.5
Preferred units (71,257,445 units issued and outstanding at both September 30, 2018 and December 31, 2017)	612.0	612.0
Total Crestwood Equity Partners LP partners' capital	1,855.4	2,005.5
Interest of non-controlling partner in subsidiary	180.5	175.0

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Total partners' capital	2,035.9	2,180.5
Total liabilities and partners' capital	\$ 4,366.4	\$ 4,284.9
See accompanying notes.		

4

Table of Contents

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except unit and per unit data)
(unaudited)

	Three Months Ended September 30, 2018 2017		Nine Months Ended September 30, 2018 2017	
Revenues:				
Product revenues:				
Gathering and processing	\$173.5	\$353.3	\$632.6	\$971.7
Marketing, supply and logistics	671.5	502.0	1,987.6	1,353.7
	845.0	855.3	2,620.2	2,325.4
Services revenues:				
Gathering and processing	68.8	80.6	205.4	235.0
Storage and transportation	3.5	6.2	12.8	24.7
Marketing, supply and logistics	12.6	13.0	46.4	47.5
Related party (Note 12)	0.3	0.5	0.9	1.4
	85.2	100.3	265.5	308.6
Total revenues	930.2	955.6	2,885.7	2,634.0
Costs of product/services sold (exclusive of items shown separately below):				
Product costs	770.8	843.3	2,391.5	2,223.7
Product costs - related party (Note 12)	45.7	3.7	91.0	11.8
Service costs	11.0	11.5	36.2	36.1
Total costs of products/services sold	827.5	858.5	2,518.7	2,271.6
Operating expenses and other:				
Operations and maintenance	29.6	35.5	96.0	103.4
General and administrative	25.5	22.5	72.8	71.6
Depreciation, amortization and accretion	39.2	48.1	128.8	145.2
Loss on long-lived assets, net	3.6	6.3	27.7	6.3
	97.9	112.4	325.3	326.5
Operating income (loss)	4.8	(15.3)	41.7	35.9

Table of Contents

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
(in millions, except unit and per unit data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Earnings from unconsolidated affiliates, net	15.1	11.5	39.5	29.2
Interest and debt expense, net	(25.1)	(24.2)	(73.8)	(74.8)
Loss on modification/extinguishment of debt	—	—	—	(37.7)
Other income, net	—	0.2	0.2	0.4
Income (loss) before income taxes	(5.2)	(27.8)	7.6	(47.0)
Provision for income taxes	—	(0.1)	(0.2)	—
Net income (loss)	(5.2)	(27.9)	7.4	(47.0)
Net income attributable to non-controlling partner	4.1	6.4	12.1	18.8
Net loss attributable to Crestwood Equity Partners LP	(9.3)	(34.3)	(4.7)	(65.8)
Net income attributable to preferred units	15.0	16.2	45.1	47.5
Net loss attributable to partners	\$(24.3)	\$(50.5)	\$(49.8)	\$(113.3)
Common unitholders' interest in net loss	\$(24.3)	\$(50.5)	\$(49.8)	\$(113.3)
Net loss per limited partner unit:				
Basic	\$(0.34)	\$(0.72)	\$(0.70)	\$(1.63)
Diluted	\$(0.34)	\$(0.72)	\$(0.70)	\$(1.63)
Weighted-average limited partners' units outstanding (in thousands):				
Basic	71,212	69,725	71,201	69,692
Dilutive	—	—	—	—
Diluted	71,212	69,725	71,201	69,692

See accompanying notes.

Table of ContentsCRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(unaudited)

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
Net income (loss)	\$(5.2)	\$(27.9)	\$7.4	\$(47.0)
Change in fair value of Suburban Propane Partners, L.P. units	—	0.3	(0.1)	(0.6)
Comprehensive income (loss)	(5.2)	(27.6)	7.3	(47.6)
Comprehensive income attributable to non-controlling partner	4.1	6.4	12.1	18.8
Comprehensive loss attributable to Crestwood Equity Partners LP	\$(9.3)	\$(34.0)	\$(4.8)	\$(66.4)

See accompanying notes.

Table of ContentsCRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL

(in millions)

(unaudited)

	Preferred Units	Preferred Capital	Partners Common Units	Partners Subordinated Units	Subordinated Capital	Non-Controlling Partner	Total Partners' Capital
Balance at December 31, 2017	71.3	\$612.0	70.3	0.4	\$1,393.5	\$ 175.0	\$ 2,180.5
Cumulative effect of accounting change (Note 2)	—	—	—	—	7.5	—	7.5
Distributions to partners	—	(45.0)	—	—	(128.1)	(6.6)	(179.7)
Unit-based compensation charges	—	—	1.1	—	27.9	—	27.9
Taxes paid for unit-based compensation vesting	—	—	(0.2)	—	(6.9)	—	(6.9)
Change in fair value of Suburban Propane Partners, L.P. units	—	—	—	—	(0.1)	—	(0.1)
Other	—	(0.1)	—	—	(0.6)	—	(0.7)
Net income (loss)	—	45.1	—	—	(49.8)	12.1	7.4
Balance at September 30, 2018	71.3	\$612.0	71.2	0.4	\$1,243.4	\$ 180.5	\$ 2,035.9

See accompanying notes.

Table of ContentsCRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

(unaudited)

	Nine Months Ended September 30, 2018 2017	
Operating activities		
Net income (loss)	\$7.4	\$(47.0)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, amortization and accretion	128.8	145.2
Amortization of debt-related deferred costs	5.4	5.4
Unit-based compensation charges	27.9	18.9
Loss on long-lived assets, net	27.7	6.3
Loss on modification/extinguishment of debt	—	37.7
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	(0.3)	(2.5)
Deferred income taxes	(0.2)	(0.7)
Other	0.2	(0.3)
Changes in operating assets and liabilities	4.0	65.2
Net cash provided by operating activities	200.9	228.2
Investing activities		
Purchases of property, plant and equipment	(205.7)	(134.4)
Investment in unconsolidated affiliates	(27.7)	(46.5)
Capital distributions from unconsolidated affiliates	34.6	35.3
Net proceeds from sale of assets	8.6	1.3
Net cash used in investing activities	(190.2)	(144.3)
Financing activities		
Proceeds from the issuance of long-term debt	1,152.12	2,209.8
Payments on long-term debt	(973.7)	(2,159.2)
Payments on capital leases	(1.1)	(2.2)
Payments for debt-related deferred costs	—	(1.0)
Distributions to partners	(128.1)	(125.4)
Distributions to non-controlling partner	(6.6)	(11.4)
Distribution to preferred unit holders	(45.0)	—
Issuance of common units	—	10.6
Taxes paid for unit-based compensation vesting	(6.9)	(5.3)
Other	(0.3)	—
Net cash used in financing activities	(9.6)	(84.1)
Net change in cash	1.1	(0.2)
Cash at beginning of period	1.3	1.6
Cash at end of period	\$2.4	\$1.4
Supplemental schedule of noncash investing and financing activities		
Net change to property, plant and equipment through accounts payable and accrued expenses	\$(1.6)	\$(15.4)

See accompanying notes.

Table of Contents

CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(in millions)

	September 30, December 31, 2018 2017 (unaudited)	
Assets		
Current assets:		
Cash	\$ 2.0	\$ 1.0
Accounts receivable, less allowance for doubtful accounts of \$0.3 million and \$2.4 million at September 30, 2018 and December 31, 2017	350.0	442.6
Inventory	91.8	68.4
Assets from price risk management activities	7.6	7.2
Assets held for sale	69.3	3.0
Prepaid expenses and other current assets	6.2	7.9
Total current assets	526.9	530.1
Property, plant and equipment	2,835.2	2,615.3
Less: accumulated depreciation and depletion	697.7	607.8
Property, plant and equipment, net	2,137.5	2,007.5
Intangible assets	770.3	773.3
Less: accumulated amortization	206.1	177.6
Intangible assets, net	564.2	595.7
Goodwill	138.6	147.6
Investments in unconsolidated affiliates	1,166.9	1,183.0
Other non-current assets	2.3	2.4
Total assets	\$ 4,536.4	\$ 4,466.3
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	\$ 319.2	\$ 346.8
Accrued expenses and other liabilities	113.2	104.7
Liabilities from price risk management activities	43.5	48.9
Current portion of long-term debt	0.9	0.9
Total current liabilities	476.8	501.3
Long-term debt, less current portion	1,675.1	1,491.3
Other long-term liabilities	169.4	102.6
Deferred income taxes	0.6	0.7
Commitments and contingencies (Note 11)		
Partners' capital	2,034.0	2,195.4
Interest of non-controlling partner in subsidiary	180.5	175.0
Total partners' capital	2,214.5	2,370.4
Total liabilities and partners' capital	\$ 4,536.4	\$ 4,466.3

See accompanying notes.

Table of ContentsCRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions)

(unaudited)

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	2017	2018	2017	2018
Revenues:				
Product revenues:				
Gathering and processing		\$173.5	\$353.3	\$632.6
Marketing, supply and logistics		671.5	502.0	1,987.6
		845.0	855.3	2,620.2
Service revenues:				
Gathering and processing		68.8	80.6	205.4
Storage and transportation		3.5	6.2	12.8
Marketing, supply and logistics		12.6	13.0	46.4
Related party (Note 12)		0.3	0.5	0.9
		85.2	100.3	265.5
Total revenues		930.2	955.6	2,885.7
				2,634.0
Costs of product/services sold (exclusive of items shown separately below):				
Product costs		770.8	843.3	2,391.5
Product costs - related party (Note 12)		45.7	3.7	91.0
Service costs		11.0	11.5	36.2
Total costs of product/services sold		827.5	858.5	2,518.7
				2,271.6
Operating expenses and other:				
Operations and maintenance		29.6	35.5	96.0
General and administrative		24.6	21.4	69.9
Depreciation, amortization and accretion		42.7	50.9	137.9
Loss on long-lived assets, net		3.6	6.3	27.7
		100.5	114.1	331.5
Operating income (loss)		2.2	(17.0)	35.5
Earnings from unconsolidated affiliates, net		15.1	11.5	39.5
Interest and debt expense, net		(25.1)	(24.2)	(73.8)
Loss on modification/extinguishment of debt		—	—	(37.7)
Income (loss) before income taxes		(7.8)	(29.7)	1.2
Provision for income taxes		—	(0.1)	(0.1)
Net income (loss)		(7.8)	(29.8)	1.1
Net income attributable to non-controlling partner		4.1	6.4	12.1
Net loss attributable to Crestwood Midstream Partners LP		\$(11.9)	\$(36.2)	\$(11.0)

See accompanying notes.

Table of Contents

CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in millions)
(unaudited)

	Partners	Non-Controlling Partner	Total Partners' Capital
Balance at December 31, 2017	\$2,195.4	\$ 175.0	\$ 2,370.4
Cumulative effect of accounting change (Note 2)	7.5	—	7.5
Distributions to partners	(179.0)	(6.6)	(185.6)
Unit-based compensation charges	27.9	—	27.9
Taxes paid for unit-based compensation vesting	(6.9)	—	(6.9)
Other	0.1	—	0.1
Net income (loss)	(11.0)	12.1	1.1
Balance at September 30, 2018	\$2,034.0	\$ 180.5	\$ 2,214.5

See accompanying notes.

Table of ContentsCRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

(unaudited)

	Nine Months Ended September 30, 2018 2017	
Operating activities		
Net income (loss)	\$1.1	\$(53.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, amortization and accretion	137.9	153.5
Amortization of debt-related deferred costs	5.4	5.4
Unit-based compensation charges	27.9	18.9
Loss on long-lived assets	27.7	6.3
Loss on modification/extinguishment of debt	—	37.7
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	(0.3)	(2.5)
Deferred income taxes	(0.1)	0.1
Other	0.2	(0.3)
Changes in operating assets and liabilities	6.6	66.9
Net cash provided by operating activities	206.4	232.9
Investing activities		
Purchases of property, plant and equipment	(205.7)	(134.4)
Investment in unconsolidated affiliates	(27.7)	(46.5)
Capital distributions from unconsolidated affiliates	34.6	35.3
Net proceeds from sale of assets	8.6	1.3
Net cash used in investing activities	(190.2)	(144.3)
Financing activities		
Proceeds from the issuance of long-term debt	1,152.12	209.8
Payments on long-term debt	(973.7)	(2,159.2)
Payments on capital leases	(1.1)	(2.2)
Payments for debt-related deferred costs	—	(1.0)
Distributions to partners	(185.6)	(130.9)
Taxes paid for unit-based compensation vesting	(6.9)	(5.3)
Net cash used in financing activities	(15.2)	(88.8)
Net change in cash	1.0	(0.2)
Cash at beginning of period	1.0	1.3
Cash at end of period	\$2.0	\$1.1
Supplemental schedule of non-cash investing and financing activities		
Net change to property, plant and equipment through accounts payable and accrued expenses	\$(1.6)	\$(15.4)

See accompanying notes.

Table of Contents

CRESTWOOD EQUITY PARTNERS LP
CRESTWOOD MIDSTREAM PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1 – Organization and Business Description

Organization

The accompanying notes to the consolidated financial statements apply to Crestwood Equity Partners LP and Crestwood Midstream Partners LP, unless otherwise indicated. References in this report to “we,” “us,” “our,” “ours,” “our company,” the “partnership,” the “Company,” “Crestwood Equity,” “CEQP,” and similar terms refer to either Crestwood Equity Partners LP itself or Crestwood Equity Partners LP and its consolidated subsidiaries, as the context requires. Unless otherwise indicated, references to “Crestwood Midstream” and “CMLP” refer to Crestwood Midstream Partners LP and its consolidated subsidiaries.

The accompanying consolidated financial statements and related notes should be read in conjunction with our 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 26, 2018. The financial information as of September 30, 2018, and for the three and nine months ended September 30, 2018 and 2017, is unaudited. The consolidated balance sheets as of December 31, 2017, were derived from the audited balance sheets filed in our 2017 Annual Report on Form 10-K.

Business Description

Crestwood Equity is a publicly-traded (NYSE: CEQP) Delaware limited partnership that develops, acquires, owns or controls, and operates primarily fee-based assets and operations within the energy midstream sector. We provide broad-ranging infrastructure solutions across the value chain to service premier liquids-rich natural gas and crude oil shale plays across the United States. We own and operate a diversified portfolio of crude oil and natural gas gathering, processing, storage and transportation assets that connect fundamental energy supply with energy demand across North America. Crestwood Equity is a holding company and all of its consolidated operating assets are owned by or through its wholly-owned subsidiary, Crestwood Midstream, a Delaware limited partnership.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and include the accounts of all consolidated subsidiaries after the elimination of all intercompany accounts and transactions. Certain amounts in prior periods have been reclassified to conform to the current year presentation, none of which impacted our previously reported net income, earnings per unit or partners’ capital. In management’s opinion, all necessary adjustments to fairly present our results of operations, financial position and cash flows for the periods presented have been made and all such adjustments are of a normal and recurring nature. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the SEC.

Significant Accounting Policies

Effective January 1, 2018, we adopted the following accounting standards. There were no other material changes in our significant accounting policies from those described in our 2017 Annual Report on Form 10-K.

Revenue Recognition

We provide gathering, processing, compression, storage, fractionation, and transportation (consisting of pipelines, truck and rail terminals, truck/trailer units and rail cars) services and we sell commodities (including crude oil, natural gas, NGLs and water) under various contracts. These contracts include:

- Fixed-fee contracts. Under these contracts, we do not take title to the underlying crude oil, natural gas or NGLs but charge our customers a fixed-fee for the services we provide, which can be a firm reservation charge and/or a charge

Table of Contents

per volume gathered, processed, compressed, stored, loaded and/or transported (which, in certain contracts, can be subject to a minimum level of volumes);

Percentage-of-proceeds service contracts. Under these contracts, we take title to crude oil, natural gas or NGLs after the commodity leaves our gathering and processing facilities. We often market and sell those commodities to third parties after they leave our facilities and we will remit a portion of the sales proceeds to our producers;

Percentage-of-proceeds product contracts. Under these contracts, we take title to crude oil, natural gas or NGLs before the commodity enters our facilities. We market and sell those commodities to third parties and we will remit a portion of the sales proceeds to our producers; and

Purchase and sale contracts. Under these contracts, we purchase crude oil, natural gas or NGLs before the commodity enters our facilities, and we market and sell those commodities to third parties.

On January 1, 2018, we adopted the provisions of Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. We adopted the standard using the modified retrospective method for all revenue contracts that involve revenue generating activities that occur after January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under the new standard, while amounts prior to January 1, 2018 continue to be reported in accordance with our historic accounting under Revenue Recognition (Topic 605).

Prior to January 1, 2018, we recognized revenues for services and products when all of the following criteria were met under Topic 605: (i) services had been rendered or products delivered or sold; (ii) persuasive evidence of an exchange arrangement existed; (iii) the price for services was fixed or determinable; and (iv) collectability was reasonably assured. We recorded deferred revenue when we received amounts from our customers but had not yet met the criteria listed above. We recognized deferred revenue in our consolidated statement of operations when the criteria had been met and all services had been rendered. At December 31, 2017, we had deferred revenue of approximately \$0.6 million, which is reflected in accrued expenses and other liabilities on our consolidated balance sheet.

Beginning January 1, 2018, we recognize revenues for services and products under revenue contracts as our obligations to perform services or deliver/sell products under the contracts are satisfied. A contract's transaction price is allocated to each performance obligation in the contract and recognized as revenue when, or as, the performance obligation is satisfied. Our fixed-fee contracts and our percentage-of-proceeds service contracts primarily have a single performance obligation to deliver a series of distinct goods or services that are substantially the same and have the same pattern of transfer to our customers. For performance obligations associated with these contracts, we recognize revenues over time utilizing the output method based on the actual volumes of products delivered/sold or services performed, because the single performance obligation is satisfied over time using the same performance measure of progress toward satisfaction of the performance obligation. The transaction price under certain of our fixed-price contracts and percentage-of-proceeds service contracts includes variable consideration that varies primarily based on actual volumes that are delivered under the contracts. Because the variable consideration specifically relates to our efforts to transfer the services and/or products under the contracts, we allocate the variable consideration entirely to the distinct service utilizing the allocation exception guidance under Topic 606, and accordingly recognize the variable consideration as revenues at the time the good or service is transferred to the customer.

Certain of our fixed-fee contracts contain minimum volume features under which the customers must utilize our services to gather, compress or load a specified quantity of crude oil or natural gas or pay a deficiency fee based on the difference between actual volumes and the contractual minimum volume. We recognize revenues from these contracts when actual volumes are gathered, compressed or loaded and the likelihood of a customer exercising its remaining rights to make up the deficient volumes under minimum volume commitments becomes remote.

We recognize revenues at a point in time for performance obligations associated with our percentage-of-proceeds product contracts and purchase and sale contracts, and these revenues are recognized because control of the underlying product is transferred to the customer when the distinct good is provided to the customer.

The evaluation of when performance obligations have been satisfied and the transaction price that is allocated to our performance obligations requires significant judgment and assumptions, including our evaluation of the timing of when control of the underlying good or service has transferred to our customers and the relative standalone selling price of goods and services provided to customers under contracts with multiple performance obligations. Actual results can significantly vary from those judgments and assumptions. We did not have any material contracts with multiple performance obligations or under which we receive material amounts of non-cash consideration during the nine months ended September 30, 2018.

Table of Contents

The following table summarizes the transaction price allocated to our remaining performance obligations under certain contracts that have not been recognized as of September 30, 2018 (in millions):

Remainder of 2018	\$12.2
2019	27.7
2020	23.5
2021	9.4
2022	7.3
Thereafter	10.6
Total	\$90.7

Our remaining performance obligations presented in the table above exclude estimates of variable rate escalation clauses in our contracts with customers, and is generally limited to fixed-fee and percentage-of-proceeds service contracts which have fixed pricing and minimum volume terms and conditions. Our remaining performance obligations generally exclude, based on the following practical expedients that we elected to apply, disclosures for (i) variable consideration allocated to a wholly-unsatisfied promise to transfer a distinct service that forms part of the identified single performance obligation; (ii) unsatisfied performance obligations where the contract term is one year or less; and (iii) contracts for which we recognize revenues as amounts are invoiced.

Contract Assets and Contract Liabilities. Amounts due from our customers under our revenue contracts are typically billed as the service is being provided or on a weekly, bi-weekly or monthly basis and are due within 30 days of billing. Under certain of our contracts, we recognize revenues in excess of billings which we present as contract assets on our consolidated balance sheets.

Under certain contracts, we may be entitled to receive payments in advance of satisfying our performance obligations under the contract. We recognize a liability for these payments in excess of revenue recognized and present it as deferred revenue or contract liabilities on our consolidated balance sheets. Our deferred revenue primarily relates to:

Capital Reimbursements. Certain contracts in our G&P segment require that our customers reimburse us for capital expenditures related to the construction of long-lived assets utilized to provide services to them under the revenue contracts. Because we consider these amounts as consideration from customers associated with ongoing services to be provided to customers, we defer these upfront payments in deferred revenue and recognize the amounts in revenue over the life of the associated revenue contract as the performance obligations are satisfied under the contract. On January 1, 2018, we recorded an \$87.6 million increase to our property, plant and equipment, net, a \$69.1 million increase to our deferred revenue liability and an \$18.5 million increase to partners' capital as a result of applying the cumulative impact of adopting the new standard on these types of contracts.

Contracts with Increasing (Decreasing) Rates per Unit. Certain contracts in our G&P, S&T and MS&L segments have fixed rates per volume that increase and/or decrease over the life of the contract once certain time periods or thresholds are met. We record revenues on these contracts ratably per unit over the life of the contract based on the remaining performance obligations to be performed, which can result in the deferral of revenue for the difference between the consideration received and the ratable revenue recognized. On January 1, 2018, we recorded a \$1.5 million increase to our deferred revenue liability and a corresponding decrease to partners' capital as a result of applying the cumulative impact of adopting the new standard on these types of contracts.

Our contract assets and contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. Our receivables related to our Topic 606 revenue contracts totaled \$323.8 million for both CEQP and CMLP at September 30, 2018, and are included in accounts receivable on our consolidated balance sheet. Our contract assets are included in other non-current assets on our consolidated balance sheet. The majority of our

deferred revenues are included in other long-term liabilities on our consolidated balance sheet and are classified as non-current, for which the majority of revenue is expected to be recognized as the performance obligations under the related revenue contracts are satisfied over the next 13 years.

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	Topic 606	606	
Balance Sheet			
Assets:			
Property, plant and equipment ⁽²⁾	\$ 2,505.2	\$ 2,391.7	\$ 113.5
Accumulated depreciation and depletion ⁽²⁾	543.7	527.8	15.9
Investments in unconsolidated affiliates ⁽⁴⁾	1,166.9	1,183.7	(16.8)
Liabilities:			
Accrued expenses and other liabilities ⁽²⁾⁽³⁾	114.1	102.5	11.6
Other long-term liabilities ⁽²⁾⁽³⁾	172.0	108.6	63.4
Partners' capital:			
Crestwood Equity Partners LP partners' capital ⁽²⁾⁽³⁾⁽⁴⁾	1,243.4	1,237.5	5.9

Table of Contents

Crestwood Midstream

	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	As Reported under Topic 606	Prior to Adoption of Topic 606	Increase (Decrease)	As Reported under Topic 606	Prior to Adoption of Topic 606	Increase (Decrease)
Income Statement						
Product revenues:						
Gathering and processing ⁽¹⁾	\$ 173.5	\$ 442.7	\$ (269.2)	\$ 632.6	\$ 1,309.6	\$ (677.0)
Service revenues:						
Gathering and processing ⁽¹⁾⁽²⁾	68.8	78.8	(10.0)	205.4	236.7	(31.3)
Marketing, supply and logistics ⁽³⁾	12.6	12.3	0.3	46.4	45.6	0.8
Costs of product/services sold:						
Product costs ⁽¹⁾	770.8	1,052.9	(282.1)	2,391.5	3,108.4	(716.9)
Depreciation, amortization and accretion ⁽²⁾	42.7	41.5	1.2	137.9	134.2	3.7
Earnings from unconsolidated affiliates, net ⁽⁴⁾	15.1	17.4	(2.3)	39.5	46.8	(7.3)
Net income (loss)	(7.8)	(7.5)	(0.3)	1.1	2.7	(1.6)

September 30, 2018

	September 30, 2018		
	As Reported under Topic 606	Prior to Adoption of Topic 606	Increase (Decrease)
Balance Sheet			
Assets:			
Property, plant and equipment ⁽²⁾	\$ 2,835.2	\$ 2,721.7	\$ 113.5
Accumulated depreciation and depletion ⁽²⁾	697.7	681.8	15.9
Investments in unconsolidated affiliates ⁽⁴⁾	1,166.9	1,183.7	(16.8)
Liabilities:			
Accrued expenses and other liabilities ⁽²⁾⁽³⁾	113.2	101.6	11.6
Other long-term liabilities ⁽²⁾⁽³⁾	169.4	106.0	63.4
Partners' capital ⁽²⁾⁽³⁾⁽⁴⁾	2,034.0	2,028.1	5.9

On January 1, 2018, we began classifying product and service revenues as a reduction of costs of product sold on (1) certain of our gathering and processing contracts where we do not obtain control of the customers' product prior to it entering our facilities.

(2) On January 1, 2018, we began recording proceeds received from customers for reimbursable construction as deferred revenue instead of as reductions of property, plant and equipment.

For contracts that have fixed rates per volume that increase and/or decrease over the life of the contract once certain time periods or thresholds have been met, on January 1, 2018, we began recording revenues on those (3) contracts ratably per unit over the life of the contract based on the remaining performance obligations to be performed.

(4) On January 1, 2018, Jackalope Gas Gathering Services, L.L.C. (Jackalope) adopted the provisions of Topic 606, and we recorded a \$9.5 million decrease to our equity method investment and a corresponding decrease to our partners' capital to reflect our proportionate share of the cumulative effect of accounting change recorded by the

equity investment related to the new standard. In addition, our earnings from unconsolidated affiliates decreased by approximately \$2.3 million and \$7.3 million during the three and nine months ended September 30, 2018 to reflect our proportionate share of the ongoing impact of the new standard on Jackalope's revenues. The adoption of Topic 606 was not material to our other equity method investments.

Cash Flows

Effective January 1, 2018, we adopted the provisions of ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The adoption of this accounting standard did not have a material impact on our consolidated financial statements.

Table of Contents

New Accounting Pronouncements Issued But Not Yet Adopted

As of September 30, 2018, the following accounting standard had not yet been adopted by us:

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, Leases (Topic 842), which revises the accounting for leases by requiring certain leases to be recognized as assets and liabilities on the balance sheet, and requiring companies to disclose additional information about their leasing arrangements. We will adopt the provisions of the standard effective January 1, 2019 using the modified retrospective method. As allowed for in the standard, upon adoption we currently anticipate that we will not reassess the current GAAP classification of leases, easements and rights of way that exist as of December 31, 2018, and will not utilize the hindsight method in determining the assets and liabilities to be recorded for our existing leases on January 1, 2019. We are in the process of implementing appropriate changes to our processes, systems and controls to support the accounting and disclosure requirements of the new standard and are currently evaluating the impact that this standard will have on our consolidated financial statements.

Note 3 – Assets Held for Sale

In October 2018, we sold our West Coast facilities included in our Marketing, Supply and Logistics segment to a third party for approximately \$70 million. For a further description of these assets, see our 2017 Annual Report on Form 10-K. We recorded a \$69.3 million current asset held for sale at September 30, 2018 related to the fair value of the facilities sold, which is a Level 3 fair value measurement based on the sales price plus working capital adjustments in the sales agreement. We recorded a loss on long-lived assets of approximately \$2.4 million and \$26.9 million (including the goodwill impairment discussed further below) during the three and nine months ended September 30, 2018 based on the difference between the carrying value of West Coast’s current assets and liabilities, goodwill and its \$61.8 million of property, plant and equipment, net and the fair value of the assets held for sale at September 30, 2018. We expect to receive the proceeds from the sale during the fourth quarter of 2018.

Our Marketing, Supply and Logistics segment had approximately \$101.7 million of goodwill associated with it at December 31, 2017. On January 1, 2018, we combined four of the reporting units included in the Marketing, Supply and Logistics segment into one NGL Marketing and Logistics reporting unit for the purpose of evaluating goodwill for impairment on an ongoing basis. We combined these reporting units based on a strategic shift in the way in which we manage, operate and report our NGL operations as an integrated platform instead of as four individual stand-alone operations. As a result, we attributed approximately \$9.0 million of the goodwill associated with our NGL Marketing and Logistics reporting unit to our West Coast facilities to be sold as of September 30, 2018, and this goodwill was fully impaired in conjunction with the reclassification of the West Coast net assets to assets held for sale during the nine months ended September 30, 2018.

Note 4 – Certain Balance Sheet Information

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following (in millions):

CEQP		CMLP	
September 30,	December 31,	September 30,	December 31,

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	2018	2017	2018	2017
Accrued expenses	\$38.8	\$ 56.6	\$37.9	\$ 55.5
Accrued property taxes	4.8	4.8	4.8	4.8
Income tax payable	0.2	0.3	0.2	0.3
Interest payable	38.6	20.3	38.6	20.3
Accrued additions to property, plant and equipment	16.6	22.3	16.6	22.2
Capital leases	2.4	1.0	2.4	1.0
Deferred revenue	12.7	0.6	12.7	0.6
Total accrued expenses and other liabilities	\$114.1	\$ 105.9	\$113.2	\$ 104.7

Table of Contents

Note 5 - Investments in Unconsolidated Affiliates

Variable Interest Entity

Crestwood Permian Basin Holdings LLC (Crestwood Permian) is a joint venture owned by Crestwood Infrastructure Holdings LLC (Crestwood Infrastructure), our wholly-owned subsidiary, and an affiliate of First Reserve Management, L.P. (First Reserve). We manage and account for our 50% ownership interest in Crestwood Permian, which is a variable interest entity, under the equity method of accounting as we exercise significant influence, but do not control Crestwood Permian and we are not its primary beneficiary due to First Reserve's rights to exercise control over the entity.

Net Investments and Earnings

Our net investments in and earnings from our unconsolidated affiliates are as follows (in millions):

	Investment		Earnings (Loss) from Unconsolidated Affiliates			
	September 30, 2018	December 31, 2017	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Stagecoach Gas Services LLC ⁽¹⁾	\$836.6	\$849.8	\$8.8	\$6.4	\$21.5	\$19.0
Jackalope Gas Gathering Services, L.L.C. ⁽²⁾⁽⁶⁾	181.1	184.9	4.5	1.5	11.3	5.5
Crestwood Permian Basin Holdings LLC ⁽³⁾	103.5	102.0	1.1	2.8	4.5	2.2
Tres Palacios Holdings LLC ⁽⁴⁾	36.9	37.8	0.1	0.3	0.5	1.5
Powder River Basin Industrial Complex, LLC ⁽⁵⁾	8.8	8.5	0.6	0.5	1.7	1.0
Total	\$1,166.9	\$1,183.0	\$15.1	\$11.5	\$39.5	\$29.2

As of September 30, 2018, our equity in the underlying net assets of Stagecoach Gas exceeded our investment balance by approximately \$51.4 million. This excess amount is entirely attributable to goodwill and, as such, is not (1) subject to amortization. Pursuant to the Stagecoach limited liability company agreement, our share of Stagecoach's equity earnings increased from 35% to 40% effective July 1, 2018. Our Stagecoach Gas investment is included in our storage and transportation segment.

As of September 30, 2018, our equity in the underlying net assets of Jackalope exceeded our investment balance by approximately \$0.4 million. We amortize this amount over the life of Jackalope's gathering agreement with (2) Chesapeake Energy Corporation (Chesapeake), and we reflect the amortization as an increase in our earnings from unconsolidated affiliates. Our Jackalope investment is included in our gathering and processing segment.

In June 2017, we contributed to Crestwood Permian 100% of the equity interest of Crestwood New Mexico Pipeline LLC (Crestwood New Mexico). This contribution was treated as a transaction between entities under common control (because of our relationship with First Reserve) and the accounting standards related to such transactions required Crestwood Permian to record the assets and liabilities of Crestwood New Mexico at our (3) historical book value. The difference between our equity in Crestwood Permian's net assets and our investment balance is not subject to amortization. Pursuant to the Crestwood Permian limited liability company agreement, we were allocated 100% of Crestwood New Mexico's earnings through June 30, 2018. Effective July 1, 2018, our equity earnings from Crestwood New Mexico is based on our ownership percentage of Crestwood Permian, which is currently 50%. Our Crestwood Permian investment is included in our gathering and processing segment.

(4) As of September 30, 2018, our equity in the underlying net assets of Tres Palacios Holdings LLC (Tres Holdings) exceeded our investment balance by approximately \$25.6 million. We amortize this amount over the life of the

Tres Palacios Gas Storage LLC sublease agreement, and we reflect the amortization as an increase in our earnings from unconsolidated affiliates. Our Tres Holdings investment is included in our storage and transportation segment.

(5) As of September 30, 2018, our equity in the underlying net assets of Powder River Basin Industrial Complex, LLC (PRBIC) exceeded our investment balance by approximately \$6.0 million. We amortize this amount over the life of PRBIC's property, plant and equipment and its agreement with Chesapeake, and we reflect the amortization as an increase in our earnings from unconsolidated affiliates. Our PRBIC investment is included in our storage and transportation segment.

(6) On January 1, 2018, Jackalope adopted the provisions of Topic 606, and we recorded a \$9.5 million decrease to our equity method investment and a corresponding decrease to our partners' capital to reflect our proportionate share of the cumulative effect of accounting change recorded by the equity investment related to the new standard. In addition, our earnings from unconsolidated affiliates decreased by approximately \$2.3 million and \$7.3 million during the three and nine months ended September 30, 2018 to reflect our proportionate share of Jackalope's deferred revenues related to the new standard.

Table of Contents

Summarized Financial Information of Unconsolidated Affiliates

Below is the summarized operating results for our significant unconsolidated affiliates (in millions; amounts represent 100% of unconsolidated affiliate information):

	Nine Months Ended September 30, 2018			2017		
	Operating Revenues	Operating Expenses	Operating Net Income	Operating Revenues	Operating Expenses	Operating Net Income
Stagecoach Gas	\$ 129.3	\$ 59.1	\$ 70.2	\$ 127.1	\$ 58.4	\$ 68.8
Other ⁽¹⁾	114.0	101.4	16.4	124.6	103.7	20.8
Total	\$ 243.3	\$ 160.5	\$ 86.6	\$ 251.7	\$ 162.1	\$ 89.6

Includes our Jackalope, Crestwood Permian, Tres Holdings and PRBIC equity investments. We amortize the excess basis in certain of our equity investments as an increase in our earnings from unconsolidated affiliates. We recorded amortization of the excess basis in our Jackalope equity investment of less than \$0.1 million for both the (1) nine months ended September 30, 2018 and 2017. We recorded amortization of the excess basis in our Tres Holdings equity investment of approximately \$0.9 million for both the nine months ended September 30, 2018 and 2017. We recorded amortization of the excess basis in our PRBIC equity investment of approximately \$0.4 million and \$0.5 million for the nine months ended September 30, 2018 and 2017.

Distributions and Contributions

The following table summarizes our distributions and contributions from our unconsolidated affiliates (in millions):

	Distributions ⁽¹⁾		Contributions	
	Nine Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
Stagecoach Gas	\$ 34.7	\$ 35.7	\$—	\$—
Jackalope	23.2	19.4	17.6	2.9
Crestwood Permian ⁽²⁾	10.6	—	7.6	113.0
Tres Holdings	3.9	5.8	2.5	—
PRBIC	1.4	1.1	—	—
Total	\$ 73.8	\$ 62.0	\$ 27.7	\$ 115.9

(1) In October 2018, we received cash distributions from Stagecoach Gas, Crestwood Permian and Tres Holdings of approximately \$13.9 million, \$4.1 million and \$1.4 million, respectively.

On June 21, 2017, we contributed to Crestwood Permian 100% of the equity interest of Crestwood New Mexico at (2) our historical book value of approximately \$69.4 million. This contribution was treated as a non-cash transaction between entities under common control.

Other

Contingent Consideration. Pursuant to the Stagecoach Gas limited liability company agreement, we may be required to make payments of up to \$57 million to Con Edison Gas Pipeline and Storage Northeast, LLC after December 31, 2020 if certain criteria are not met by Stagecoach Gas by December 31, 2020, including achieving certain

performance targets on growth capital projects. These growth capital projects depend on the construction of other third-party expansion projects, and those third-party projects have experienced regulatory and other delays that have caused Stagecoach Gas to delay its growth capital projects. Although Stagecoach Gas anticipates that these growth capital projects will be constructed in the future, it does not expect that these projects will produce meaningful operating results prior to December 31, 2020. As a result, at September 30, 2018 and December 31, 2017, we have recorded a liability of \$57 million for this obligation, which is reflected in other long-term liabilities on our consolidated balance sheets.

Guarantee. Crestwood Permian owns a 50% equity interest in Crestwood Permian Basin LLC (Crestwood Permian Basin) and Shell Midstream Partners L.P. (Shell Midstream), a subsidiary of Royal Dutch Shell plc, owns the remaining 50% equity interest in Crestwood Permian Basin. Crestwood Permian Basin owns the Nautilus gathering system. CEQP issued a guarantee in conjunction with the Crestwood Permian Basin gas gathering agreement with SWEPI LP, a subsidiary of Royal Dutch Shell plc, under which CEQP has agreed to fund 100% of the costs to build the Nautilus gathering system (which is currently estimated to cost \$180 million, of which approximately \$129.5 million has been spent through September 30, 2018) if Crestwood Permian fails to do so. We do not believe this guarantee is probable of resulting in future losses based on our

Table of Contents

assessment of the nature of the guarantee, the financial condition of the guaranteed party and the period of time that the guarantee has been outstanding, and as a result, we have not recorded a liability on our consolidated balance sheets at September 30, 2018 and December 31, 2017.

Note 6 – Risk Management

We are exposed to certain market risks related to our ongoing business operations. These risks include exposure to changing commodity prices. We utilize derivative instruments to manage our exposure to fluctuations in commodity prices, which is discussed below. Additional information related to our derivatives is discussed in Note 7.

Commodity Derivative Instruments and Price Risk Management

Risk Management Activities

We sell NGLs and crude oil to energy related businesses and may use a variety of financial and other instruments including forward contracts involving physical delivery of NGLs, heating oil and crude oil. We periodically enter into offsetting positions to economically hedge against the exposure our customer contracts create. Certain of these contracts and positions are derivative instruments. We do not designate any of our commodity-based derivatives as hedging instruments for accounting purposes. Our commodity-based derivatives are reflected at fair value in the consolidated balance sheets, and changes in the fair value of these derivatives that impact the consolidated statements of operations are reflected in costs of product/services sold. Our commodity-based derivatives that are settled with physical commodities are reflected as an increase to product revenues, and the commodity inventory that is utilized to satisfy those physical obligations is reflected as an increase to costs of product sold in our consolidated statements of operations. The following table summarizes the impact to our consolidated statements of operations related to our commodity-based derivatives reflected in costs of product/services sold and operating revenues during the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
Loss reflected in costs of product/services sold	\$(16.7)	\$(24.1)	\$(15.3)	\$(22.6)
Product revenues	79.9	36.4	210.7	109.5

We attempt to balance our contractual portfolio in terms of notional amounts and timing of performance and delivery obligations. This balance in the contractual portfolio significantly reduces the volatility in costs of product/services sold related to these instruments.

Commodity Price and Credit Risk

Notional Amounts and Terms

The notional amounts and terms of our derivative financial instruments include the following:

	September 30, 2018		December 31, 2017	
	Fixed Price Price		Fixed Price Price	
	Payor Receiver		Payor Receiver	
Propane, crude and heating oil (MMBbls)	17.6	20.7	15.3	17.5

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Natural gas (MMcf)	1,760	1,730	780	660
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Notional amounts reflect the volume of transactions, but do not represent the amounts exchanged by the parties to the financial instruments. Accordingly, notional amounts do not reflect our monetary exposure to market or credit risks.

All contracts subject to price risk had a maturity of 36 months or less; however, 91% of the contracted volumes will be delivered or settled within 12 months.

Table of Contents

Credit Risk

Inherent in our contractual portfolio are certain credit risks. Credit risk is the risk of loss from nonperformance by suppliers, customers or financial counterparties to a contract. We take an active role in managing credit risk and have established control procedures, which are reviewed on an ongoing basis. We attempt to minimize credit risk exposure through credit policies and periodic monitoring procedures as well as through customer deposits, letters of credit and entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. The counterparties associated with our price risk management activities are energy marketers and propane retailers, resellers and dealers.

Certain of our derivative instruments have credit limits that require us to post collateral. The amount of collateral required to be posted is a function of the net liability position of the derivative as well as our established credit limit with the respective counterparty. If our credit rating were to change, the counterparties could require us to post additional collateral. The amount of additional collateral that would be required to be posted would vary depending on the extent of change in our credit rating as well as the requirements of the individual counterparty. The aggregate fair value of all commodity derivative instruments with credit-risk-related contingent features that were in a liability position at September 30, 2018 and December 31, 2017 was \$22.9 million and \$28.9 million. At both September 30, 2018 and December 31, 2017, we posted less than \$0.1 million of collateral for our commodity derivative instruments with credit-risk-related contingent features. In addition, we have margin requirements with a New York Mercantile Exchange (NYMEX) broker related to our net asset or liability position with such broker. At September 30, 2018 and December 31, 2017, we had a NYMEX related net derivative asset position of \$23.1 million and \$27.2 million, for which we posted \$5.2 million and \$5.6 million of cash collateral in the normal course of business. At September 30, 2018 and December 31, 2017, we also received collateral of \$5.7 million and \$3.7 million in the normal course of business. All collateral amounts have been netted against the asset or liability with the respective counterparty and are reflected in our consolidated balance sheets as assets and liabilities from price risk management activities.

Note 7 – Fair Value Measurements

The accounting standard for fair value measurement establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, listed equities and US government treasury securities.

Level 2—Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange-traded derivatives such as over the counter (OTC) forwards, options and physical exchanges.

Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

Cash, Accounts Receivable and Accounts Payable

As of September 30, 2018 and December 31, 2017, the carrying amounts of cash, accounts receivable and accounts payable approximate fair value based on the short-term nature of these instruments.

Table of Contents

Credit Facility

The fair value of the amounts outstanding under our CMLP credit facility approximates the carrying amounts as of September 30, 2018 and December 31, 2017, due primarily to the variable nature of the interest rate of the instrument, which is considered a Level 2 fair value measurement.

Senior Notes

We estimate the fair value of our senior notes primarily based on quoted market prices for the same or similar issuances (representing a Level 2 fair value measurement). The following table reflects the carrying amount (reduced for deferred financing costs associated with the respective notes) and fair value of our senior notes (in millions):

	September 30, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2023 Senior Notes	\$693.2	\$725.0	\$692.1	\$728.8
2025 Senior Notes	\$493.1	\$511.8	\$492.3	\$517.9

Financial Assets and Liabilities

As of September 30, 2018 and December 31, 2017, we held certain assets and liabilities that are required to be measured at fair value on a recurring basis, which include our derivative instruments related to heating oil, crude oil, and NGLs. Our derivative instruments consist of forwards, swaps, futures, physical exchanges and options.

Our derivative instruments that are traded on the NYMEX have been categorized as Level 1.

Our derivative instruments also include OTC contracts, which are not traded on a public exchange. The fair values of these derivative instruments are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. These instruments have been categorized as Level 2.

Our OTC options are valued based on the Black Scholes option pricing model that considers time value and volatility of the underlying commodity. The inputs utilized in the model are based on publicly available information as well as broker quotes. These options have been categorized as Level 2.

Our financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

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Table of Contents

The following tables set forth by level within the fair value hierarchy, our financial instruments that were accounted for at fair value on a recurring basis at September 30, 2018 and December 31, 2017 (in millions):

September 30, 2018

	Level 1	Level 2	Level 3	Gross Fair Value	Contract Netting ⁽¹⁾	Collateral/Margin Received or Paid	Fair Value
Assets							
Assets from price risk management	\$5.2	\$107.2	\$	—\$112.4	\$(86.7)	\$(18.1)	\$7.6
Suburban Propane Partners, L.P. units ⁽²⁾	3.4	—	—	3.4	—	—	3.4
Total assets at fair value	\$8.6	\$107.2	\$	—\$115.8	\$(86.7)	\$(18.1)	\$11.0
Liabilities							
Liabilities from price risk management	\$5.4	\$119.3	\$	—\$124.7	\$(86.7)	\$5.5	\$43.5
Total liabilities at fair value	\$5.4	\$119.3	\$	—\$124.7	\$(86.7)	\$5.5	\$43.5

December 31, 2017

	Level 1	Level 2	Level 3	Gross Fair Value	Contract Netting ⁽¹⁾	Collateral/Margin Received or Paid	Fair Value
Assets							
Assets from price risk management	\$1.1	\$102.2	\$	—\$103.3	\$(74.6)	\$(21.5)	\$7.2
Suburban Propane Partners, L.P. units ⁽²⁾	3.5	—	—	3.5	—	—	3.5
Total assets at fair value	\$4.6	\$102.2	\$	—\$106.8	\$(74.6)	\$(21.5)	\$10.7
Liabilities							
Liabilities from price risk management	\$1.4	\$118.2	\$	—\$119.6	\$(74.6)	\$3.9	\$48.9
Total liabilities at fair value	\$1.4	\$118.2	\$	—\$119.6	\$(74.6)	\$3.9	\$48.9

(1) Amounts represent the impact of legally enforceable master netting agreements that allow us to settle positive and negative positions as well as cash collateral held or placed with the same counterparties.

(2) Amount is reflected in other assets on CEQP's consolidated balance sheets.

Note 8 – Long-Term Debt

Long-term debt consisted of the following at September 30, 2018 and December 31, 2017 (in millions):

	September 30, 2018	December 31, 2017
Credit Facility	\$ 497.5	\$ 318.2
2023 Senior Notes	700.0	700.0
2025 Senior Notes	500.0	500.0
Other	1.5	2.4
Less: deferred financing costs, net	23.0	28.4
Total debt	1,676.0	1,492.2
Less: current portion	0.9	0.9
Total long-term debt, less current portion	\$ 1,675.1	\$ 1,491.3

Table of Contents

Credit Facility

At September 30, 2018, Crestwood Midstream had \$526.1 million of available capacity under its credit facility considering the most restrictive debt covenants in its credit agreement. At September 30, 2018 and December 31, 2017, Crestwood Midstream's outstanding standby letters of credit were \$78.0 million and \$52.2 million. Borrowings under the credit facility accrue interest at prime or Eurodollar based rates plus applicable spreads, which resulted in interest rates between 4.62% and 6.75% at September 30, 2018 and 3.94% and 6.00% at December 31, 2017. The weighted-average interest rate as of September 30, 2018 and December 31, 2017 was 4.72% and 4.11%.

Crestwood Midstream is required under its credit agreement to maintain a net debt to consolidated EBITDA ratio (as defined in its credit agreement) of not more than 5.50 to 1.0, a consolidated EBITDA to consolidated interest expense ratio (as defined in its credit agreement) of not less than 2.50 to 1.0, and a senior secured leverage ratio (as defined in its credit agreement) of not more than 3.75 to 1.0. At September 30, 2018, the net debt to consolidated EBITDA ratio was approximately 4.20 to 1.0, the consolidated EBITDA to consolidated interest expense ratio was approximately 4.34 to 1.0, and the senior secured leverage ratio was 1.23 to 1.0. At September 30, 2018, Crestwood Midstream was in compliance with all of its debt covenants applicable to its credit facility.

In October 2018, Crestwood Midstream entered into a Second Amended and Restated Credit Agreement (the Second Amended Credit Agreement). The Second Amended Credit Agreement provides for a five-year \$1.25 billion revolving credit facility, which expires in October 2023 and is available to fund acquisitions, working capital and internal growth projects and for general partnership purposes. Borrowings under the Second Amended Credit Agreement (other than swing line loans) bear interest at either:

the Alternate Base Rate, which is defined as the highest of (i) the federal funds rate plus 0.50% per annum; (ii) Wells Fargo prime rate; or (iii) the Eurodollar Rate adjusted for certain reserve requirements plus 1% per annum; plus a margin varying from 0.50% to 1.50% per annum depending on Crestwood Midstream's most recent consolidated total leverage ratio; or

the Eurodollar Rate adjusted for certain reserve requirements plus a margin varying from 1.50% to 2.50% per annum depending on Crestwood Midstream's most recent consolidated total leverage ratio.

The debt covenants under the Second Amended Credit Agreement are materially consistent with the credit facility that existed at September 30, 2018.

Senior Notes

In March 2017, Crestwood Midstream issued \$500 million of 5.75% unsecured senior notes due 2025 (the 2025 Senior Notes), which were registered with the SEC effective July 2017. The 2025 Senior Notes will mature on April 1, 2025, and interest is payable semiannually in arrears on April 1 and October 1 of each year, beginning October 1, 2017. The net proceeds from this offering of approximately \$492 million were used to repay amounts outstanding under certain of Crestwood Midstream's senior notes. During the nine months ended September 30, 2017, we recognized a loss on extinguishment of debt of approximately \$37.7 million in conjunction with the tender of principal amounts of certain of Crestwood Midstream's senior notes. At September 30, 2018, Crestwood Midstream was in compliance with all of its debt covenants applicable to its senior notes.

Note 9 - Earnings Per Limited Partner Unit

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Our net income (loss) attributable to Crestwood Equity Partners is allocated to the subordinated and limited partner unitholders based on their ownership percentage after giving effect to net income attributable to the preferred units. We calculate basic net income per limited partner unit using the two-class method. Diluted net income per limited partner unit is computed using the treasury stock method, which considers the impact to net income attributable to Crestwood Equity Partners and limited partner units from the potential issuance of limited partner units.

We exclude potentially dilutive securities from the determination of diluted earnings per unit (as well as their related income statement impacts) when their impact on net income attributable to Crestwood Equity Partners per limited partner unit is anti-dilutive. The following table summarizes information regarding the weighted-average of common units excluded during the three and nine months ended September 30, 2018 and 2017:

Table of Contents

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Preferred units ⁽¹⁾	7,125,744	7,125,744	7,125,744	6,968,210
Crestwood Niobrara's preferred units ⁽¹⁾	5,112,277	7,277,340	5,080,952	7,277,340
Performance units ⁽²⁾	335,856	355,934	341,012	305,934
Subordinated units ⁽²⁾	438,789	438,789	438,789	438,789

(1) See Note 10 for additional information regarding the potential conversion of our preferred units and Crestwood Niobrara's preferred units to common units.

(2) For a description of our subordinated and performance units, see our 2017 Annual Report on Form 10-K.

Note 10 – Partners' Capital

Preferred Units

Subject to certain conditions, the holders of the preferred units have the right to convert their preferred units into (i) common units on a 1-for-10 basis or (ii) a number of common units determined pursuant to a conversion ratio set forth in Crestwood Equity's partnership agreement upon the occurrence of certain events, such as a change in control. The preferred units have voting rights that are identical to the voting rights of the common units and will vote with the common units as a single class, with each preferred unit entitled to one vote for each common unit into which such preferred unit is convertible, except that the preferred units are entitled to vote as a separate class on any matter on which all unitholders are entitled to vote that adversely affects the rights, powers, privileges or preferences of the preferred units in relation to Crestwood Equity's other securities outstanding.

Common Units

Equity Distribution Agreement. On August 4, 2017, we entered into an equity distribution agreement with certain financial institutions (each, a Manager), under which we may offer and sell from time to time through one or more of the Managers, common units having an aggregate offering price of up to \$250 million. Common units sold pursuant to this at-the-market (ATM) equity distribution program are issued under a registration statement that became effective on April 12, 2017. We are required to pay the Managers an aggregate fee of up to 2.0% of the gross sales price per common unit sold under our ATM equity distribution program. There were no units issued under our ATM equity distribution program during the nine months ended September 30, 2018. During the nine months ended September 30, 2017, we issued 437,518 common units under the ATM equity distribution program for net proceeds of approximately \$10.6 million. We paid a manager fee of approximately \$0.2 million during the nine months ended September 30, 2017 related to the sale of the common units.

Employee Unit Purchase Plan. In August 2018, the board of directors of our general partner approved an employee unit purchase plan under which employees of the general partner may purchase our common units through payroll deductions up to a maximum of 10% of the employees' eligible compensation, not to exceed \$25,000 for any calendar year. Under the plan, we anticipate purchasing our common units on the open market for the benefit of participating employees based on their payroll deductions. In addition, we may match up to 10% of participating employees' payroll deductions to purchase additional Crestwood common units for participating employees. The board of directors of our general partner authorized 1,500,000 common units (subject to adjustment as provided in the employee unit purchase plan) to be available for purchase. There were no common units purchased under the employee unit purchase plan during the nine months ended September 30, 2018.

Table of Contents

Distributions

Crestwood Equity

Limited Partners. A summary of CEQP's limited partner quarterly cash distributions for the nine months ended September 30, 2018 and 2017 is presented below:

Record Date	Payment Date	Per Unit Rate	Cash Distributions (in millions)
2018			
February 7, 2018	February 14, 2018	\$0.60	\$ 42.7
May 8, 2018	May 15, 2018	0.60	42.7
August 7, 2018	August 14, 2018	0.60	42.7
			\$ 128.1
2017			
February 7, 2017	February 14, 2017	\$0.60	\$ 41.8
May 8, 2017	May 15, 2017	0.60	41.8
August 7, 2017	August 14, 2017	0.60	41.8
			\$ 125.4

On October 18, 2018, we declared a distribution of \$0.60 per limited partner unit to be paid on November 14, 2018 to unitholders of record on November 7, 2018 with respect to the third quarter of 2018.

Preferred Unit Holders. Beginning with the distribution for the quarter ended December 31, 2017, we are required to make quarterly cash distributions to our preferred unitholders. During the nine months ended September 30, 2018, we made cash distributions to our preferred unitholders of approximately \$45.0 million. During the nine months ended September 30, 2017, we issued 4,724,030 Preferred Units to our preferred unitholders in lieu of paying cash distributions of \$43.1 million. On October 18, 2018, the board of directors of our general partner authorized a cash distribution to our preferred unitholders of approximately \$15.0 million for the quarter ended September 30, 2018.

In the second quarter of 2018, Crestwood Equity registered 71,257,445 preferred units under a shelf registration statement filed with the SEC under which holders of the Preferred Units may sell their preferred units.

Crestwood Midstream

During the nine months ended September 30, 2018 and 2017, Crestwood Midstream paid cash distributions of \$179.0 million and \$119.5 million to Crestwood Equity.

Non-Controlling Partner

Crestwood Niobrara issued a preferred interest (Series A Preferred Units) to a subsidiary of General Electric Capital Corporation and GE Structured Finance, Inc. (collectively, GE) in conjunction with the acquisition of its investment in Jackalope, which is reflected as non-controlling interest in our consolidated financial statements. In December 2017, Crestwood Niobrara redeemed 100% of the outstanding Series A Preferred Units from GE and issued new preferred interests (Series A-2 Preferred Units) to CN Jackalope Holdings LLC (Jackalope Holdings). Subject to certain restrictions, we have the ability to redeem the Series A-2 Preferred Units for an amount in cash for CEQP common units equal to an amount necessary for Jackalope Holdings to achieve a certain rate of return. During the three and

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nine months ended September 30, 2018, net income attributable to non-controlling partners was approximately \$4.1 million and \$12.1 million. During the three and nine months ended September 30, 2017, net income attributable to non-controlling partners was approximately \$6.4 million and \$18.8 million. During the nine months ended September 30, 2018 and 2017, Crestwood Niobrara paid cash distributions of \$6.6 million and \$11.4 million to its non-controlling partners, respectively. In October 2018, Crestwood Niobrara paid a cash distribution of \$3.3 million to Jackalope Holdings for the quarter ended September 30, 2018.

Table of Contents

Note 11 – Commitments and Contingencies

Legal Proceedings

California Trucking Lawsuit. On March 13, 2017, a former Crestwood truck driver filed a lawsuit in the Superior Court (the Court) for Kern County, California on behalf of all Crestwood Transportation LLC's California drivers alleging that Crestwood Equity and its officers, directors and employees violated the California wage and hour laws by failing to comply with certain requirements of the laws. The Court approved the final settlement on October 5, 2018. If no appeals are filed, this lawsuit should be finalized by late 2018.

General. We are periodically involved in litigation proceedings. If we determine that a negative outcome is probable and the amount of loss is reasonably estimable, then we accrue the estimated amount. The results of litigation proceedings cannot be predicted with certainty. We could incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations or cash flows in the period in which the amounts are paid and/or accrued. As of September 30, 2018 and December 31, 2017, both CEQP and CMLP had approximately \$1.2 million and \$2.1 million accrued for outstanding legal matters. Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures for which we can estimate will exceed current accruals by an amount that would have a material adverse impact on our consolidated financial statements. As we learn new facts concerning contingencies, we reassess our position both with respect to accrued liabilities and other potential exposures.

Any loss estimates are inherently subjective, based on currently available information, and are subject to management's judgment and various assumptions. Due to the inherently subjective nature of these estimates and the uncertainty and unpredictability surrounding the outcome of legal proceedings, actual results may differ materially from any amounts that have been accrued.

Regulatory Compliance

In the ordinary course of our business, we are subject to various laws and regulations. In the opinion of our management, compliance with current laws and regulations will not have a material effect on our results of operations, cash flows or financial condition.

Environmental Compliance

Our operations are subject to stringent and complex laws and regulations pertaining to worker health, safety, and the environment. We are subject to laws and regulations at the federal, state, regional and local levels that relate to air and water quality, hazardous and solid waste management and disposal and other environmental matters. The cost of planning, designing, constructing and operating our facilities must incorporate compliance with environmental laws and regulations and safety standards. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and potentially criminal enforcement measures.

During 2014, we experienced three releases totaling approximately 28,000 barrels of produced water on our Arrow water gathering system located on the Fort Berthold Indian Reservation in North Dakota. We immediately notified the National Response Center, the Three Affiliated Tribes and numerous other regulatory authorities. Thereafter, we contained and cleaned up the releases, and placed the impacted segments of these water lines back into service. In May 2015, we experienced a release of approximately 5,200 barrels of produced water on our Arrow water gathering system, immediately notified numerous regulatory authorities and other third parties, and thereafter contained and cleaned up the releases.

In October 2014, we received data requests from the Environmental Protection Agency (EPA) related to the 2014 water releases and we responded to the requests during the first half of 2015. In April 2015, the EPA issued a Notice of Potential Violation (NOPV) under the Clean Water Act relating to the 2014 water releases. We responded to the NOPV in May 2015 and in April 2017, we entered into an Administrative Order on Consent (the Order) with the EPA. The Order requires us to continue to remediate and monitor the impacted area for no less than four years unless all goals of the Order are satisfied earlier. On December 13, 2017, the EPA and Crestwood signed a Combined Complaint and Consent Agreement (CCCA) whereby we agreed to pay a civil penalty of \$49,000 to the EPA and purchase emergency response equipment at an estimated cost of approximately \$173,000 for the Three Affiliated Tribes as a Supplemental Environmental Project (SEP). The CCCA and SEP concludes the EPA's penalty phase related to this matter.

Table of Contents

In August 2015, we received a notice of violation from the Three Affiliated Tribes' Environmental Division related to our 2014 produced water releases on the Fort Berthold Indian Reservation. The notice of violation imposes fines and requests reimbursements exceeding \$1.1 million; however, the notice of violation was stayed on September 15, 2015, upon our posting of a performance bond for the amount contemplated by the notice, and pending the outcome of settlement discussions with the EPA related to the NOPV. Our discussions regarding the notice of violation continue with the Three Affiliated Tribes.

We will continue our remediation efforts to ensure the impacted lands are restored to their prior state. We believe these releases are insurable events under our policies, and we have notified our carriers of these events. We have not recorded an insurance receivable as of September 30, 2018.

At September 30, 2018 and December 31, 2017, our accrual of approximately \$2.0 million and \$1.9 million is based on our undiscounted estimate of amounts we will spend on compliance with environmental and other regulations, and any associated fines or penalties (including the Arrow water releases described above). We estimate that our potential liability for reasonably possible outcomes related to our environmental exposures could range from approximately \$2.0 million to \$3.9 million at September 30, 2018.

Self-Insurance

We utilize third-party insurance subject to varying retention levels of self-insurance, which management considers prudent. Such self-insurance relates to losses and liabilities primarily associated with medical claims, workers' compensation claims and general, product, vehicle and environmental liability. At September 30, 2018 and December 31, 2017, CEQP's self-insurance reserves were \$12.8 million and \$13.6 million. We estimate that \$9.1 million of this balance will be paid subsequent to September 30, 2019. As such, CEQP has classified \$9.1 million in other long-term liabilities on its consolidated balance sheet at September 30, 2018. At September 30, 2018 and December 31, 2017, CMLP's self insurance reserves were \$11.2 million and \$11.6 million. CMLP estimates that \$7.6 million of this balance will be paid subsequent to September 30, 2019. As such, CMLP has classified \$7.6 million in other long-term liabilities on its consolidated balance sheet at September 30, 2018.

Guarantees and Indemnifications. We are involved in various joint ventures that sometimes require financial and performance guarantees. In a financial guarantee, we are obligated to make payments if the guaranteed party fails to make payments under, or violates the terms of, the financial arrangement. In a performance guarantee, we provide assurance that the guaranteed party will execute on the terms of the contract. If they do not, we are required to perform on their behalf. We also periodically provide indemnification arrangements related to assets or businesses we have sold. For a further description of our guarantees associated with our joint ventures, see Note 5, and for a further description of our guarantees associated with our assets or businesses we have sold, see our 2017 Annual Report on Form 10-K.

Our potential exposure under guarantee and indemnification arrangements can range from a specified amount to an unlimited dollar amount, depending on the nature of the claim, specificity as to duration, and the particular transaction. As of September 30, 2018 and December 31, 2017, we have no amounts accrued for these guarantees.

Note 12 – Related Party Transactions

Crestwood Holdings indirectly owns both CEQP's and CMLP's general partner. The affiliates of Crestwood Holdings and its owners are considered CEQP's and CMLP's related parties. We enter into transactions with our affiliates within the ordinary course of business, including gas gathering and processing services under long-term contracts, product

purchases and various operating agreements.

30

Table of Contents

The following table shows transactions with our affiliates which are reflected in our consolidated statements of operations (in millions):

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenues at CEQP and CMLP	\$0.3	\$0.5	\$0.9	\$1.4
Costs of product/services sold at CEQP and CMLP ⁽¹⁾	\$45.7	\$3.7	\$91.0	\$11.8
Operations and maintenance expenses at CEQP and CMLP ⁽²⁾	\$8.2	\$6.6	\$22.2	\$16.4
General and administrative expenses charged by CEQP to CMLP, net ⁽³⁾	\$4.8	\$4.4	\$15.3	\$14.8
General and administrative expenses at CEQP charged from Crestwood Holdings, net ⁽⁴⁾	\$(4.0)	\$(0.2)	\$(8.8)	\$(0.4)

- (1) Includes \$16.8 million and \$45.1 million during the three and nine months ended September 30, 2018 related to purchases of NGLs from a subsidiary of Crestwood Permian and \$28.9 million and \$45.9 million during the same (1) periods related to an agency marketing agreement with Ascent Resources - Utica, LLC (Ascent). Includes \$3.7 million and \$11.8 million representing natural gas purchases from Sabine for the three and nine months ended September 30, 2017. Ascent and Sabine are affiliates of Crestwood Holdings for the respective periods presented. We have operating agreements with certain of our unconsolidated affiliates pursuant to which we charge them operations and maintenance expenses in accordance with their respective agreements, and these charges are reflected as a reduction of operations and maintenance expenses in our consolidated statements of income. During (2) the three and nine months ended September 30, 2018, we charged \$1.8 million and \$6.0 million to Stagecoach Gas, \$0.9 million and \$2.9 million to Tres Palacios, \$5.1 million and \$12.6 million to Crestwood Permian and \$0.4 million and \$0.7 million to Jackalope. During the three and nine months ended September 30, 2017, we charged \$2.0 million and \$6.5 million to Stagecoach Gas, \$0.8 million and \$2.6 million to Tres Palacios, \$3.7 million and \$7.0 million to Crestwood Permian, and \$0.1 million and \$0.3 million to Jackalope.
- (3) Includes \$5.6 million and \$17.7 million of net unit-based compensation charges allocated from CEQP to CMLP for the three and nine months ended September 30, 2018 and \$5.2 million and \$17.1 million for the three and nine (3) months ended September 30, 2017. In addition, includes \$0.8 million and \$2.4 million of CMLP's general and administrative costs allocated to CEQP during the three and nine months ended September 30, 2018 and \$0.8 million and \$2.3 million during the three and nine months ended September 30, 2017.
- (4) Includes \$4.8 million and \$10.2 million unit-based compensation charges allocated from Crestwood Holdings to (4) CEQP and CMLP during the three and nine months ended September 30, 2018 and \$1.1 million and \$1.9 million during the three and nine months ended September 30, 2017.

The following table shows accounts receivable and accounts payable from our affiliates (in millions):

	September 30, December 31,	
	2018	2017
Accounts receivable at CEQP and CMLP	\$ 6.2	\$ 7.1
Accounts payable at CEQP	\$ 27.8	\$ 7.4
Accounts payable at CMLP	\$ 25.3	\$ 5.0

Note 13 – Segments

Financial Information

We have three operating and reportable segments: (i) gathering and processing operations; (ii) storage and transportation operations; and (iii) marketing, supply and logistics operations. Our corporate operations include all

general and administrative expenses that are not allocated to our reportable segments. We assess the performance of our operating segments based on EBITDA, which is defined as income before income taxes, plus debt-related costs (interest and debt expense, net and loss on modification/extinguishment of debt) and depreciation, amortization and accretion expense.

Table of Contents

Below is a reconciliation of CEQP's net income (loss) to EBITDA (in millions):

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
Net income (loss)	\$(5.2)	\$(27.9)	\$7.4	\$(47.0)
Add:				
Interest and debt expense, net	25.1	24.2	73.8	74.8
Loss on modification/extinguishment of debt	—	—	—	37.7
Provision for income taxes	—	0.1	0.2	—
Depreciation, amortization and accretion	39.2	48.1	128.8	145.2
EBITDA	\$59.1	\$44.5	\$210.2	\$210.7

Below is a reconciliation of CMLP's net income (loss) to EBITDA (in millions):

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
Net income (loss)	\$(7.8)	\$(29.8)	\$1.1	\$(53.1)
Add:				
Interest and debt expense, net	25.1	24.2	73.8	74.8
Loss on modification/extinguishment of debt	—	—	—	37.7
Provision for income taxes	—	0.1	0.1	—
Depreciation, amortization and accretion	42.7	50.9	137.9	153.5
EBITDA	\$60.0	\$45.4	\$212.9	\$212.9

The following tables summarize CEQP's and CMLP's reportable segment data for the three and nine months ended September 30, 2018 and 2017 (in millions). Intersegment revenues included in the following tables are accounted for as arms-length transactions that apply our revenue recognition policies as described in Note 2. Included in earnings from unconsolidated affiliates, net below was approximately \$10.8 million and \$10.0 million of depreciation and amortization expense, gains (losses) on long-lived assets, net, and interest expense related to our equity investments for the three months ended September 30, 2018 and 2017 and \$30.4 million and \$25.7 million for the nine months ended September 30, 2018 and 2017.

Table of Contents

Crestwood Equity

	Three Months Ended September 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	\$242.3	\$ 3.5	\$ 684.4	\$ —	\$930.2
Intersegment revenues	54.8	2.6	(57.4)	—	—
Costs of product/services sold	205.1	(0.1)	622.5	—	827.5
Operations and maintenance expense	17.2	0.7	11.7	—	29.6
General and administrative expense	—	—	—	25.5	25.5
Gain (loss) on long-lived assets, net	(2.2)	—	(2.5)	1.1	(3.6)
Earnings from unconsolidated affiliates, net	5.6	9.5	—	—	15.1
EBITDA	\$78.2	\$ 15.0	\$ (9.7)	\$ (24.4)	\$59.1
Goodwill	\$45.9	\$ —	\$ 92.7	\$ —	\$138.6
Total assets	\$2,647.8	\$ 1,015.3	\$ 673.1	\$ 30.2	\$4,366.4

	Three Months Ended September 30, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	\$434.4	\$ 6.2	\$ 515.0	\$ —	\$955.6
Intersegment revenues	29.9	1.2	(31.1)	—	—
Costs of product/services sold	378.6	0.2	479.7	—	858.5
Operations and maintenance expense	16.2	1.0	18.3	—	35.5
General and administrative expense	—	—	—	22.5	22.5
Gain (loss) on long-lived assets	(3.9)	—	0.6	(3.0)	(6.3)
Earnings from unconsolidated affiliates, net	4.3	7.2	—	—	11.5
Other income, net	—	—	—	0.2	0.2
EBITDA	\$69.9	\$ 13.4	\$ (13.5)	\$ (25.3)	\$44.5

	Nine Months Ended September 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	\$838.1	\$ 12.8	\$2,034.8	\$ —	\$2,885.7
Intersegment revenues	141.5	7.1	(148.6)	—	—
Costs of product/services sold	701.6	0.1	1,817.0	—	2,518.7
Operations and maintenance expense	52.7	2.3	41.0	—	96.0
General and administrative expense	—	—	—	72.8	72.8
Gain (loss) on long-lived assets, net	(2.1)	—	(26.7)	1.1	(27.7)
Earnings from unconsolidated affiliates, net	15.8	23.7	—	—	39.5
Other income, net	—	—	—	0.2	0.2
EBITDA	\$239.0	\$ 41.2	\$ 1.5	\$ (71.5)	\$210.2
Goodwill	\$45.9	\$ —	\$ 92.7	\$ —	\$138.6
Total assets	\$2,647.8	\$ 1,015.3	\$ 673.1	\$ 30.2	\$4,366.4

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Table of Contents

	Nine Months Ended September 30, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	\$1,208.1	\$ 24.7	\$ 1,401.2	\$ —	\$2,634.0
Intersegment revenues	94.3	4.7	(99.0)	—	—
Costs of product/services sold	1,049.9	0.3	1,221.4	—	2,271.6
Operations and maintenance expense	51.8	3.4	48.2	—	103.4
General and administrative expense	—	—	—	71.6	71.6
Gain (loss) on long-lived assets	(3.9)	—	0.6	(3.0)	(6.3)
Earnings from unconsolidated affiliates, net	7.7	21.5	—	—	29.2
Other income, net	—	—	—	0.4	0.4
EBITDA	\$204.5	\$ 47.2	\$ 33.2	\$ (74.2)	\$210.7

Crestwood Midstream

	Three Months Ended September 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	\$242.3	\$ 3.5	\$ 684.4	\$ —	\$930.2
Intersegment revenues	54.8	2.6	(57.4)	—	—
Costs of product/services sold	205.1	(0.1)	622.5	—	827.5
Operations and maintenance expense	17.2	0.7	11.7	—	29.6
General and administrative expense	—	—	—	24.6	24.6
Gain (loss) on long-lived assets, net	(2.2)	—	(2.5)	1.1	(3.6)
Earnings from unconsolidated affiliates, net	5.6	9.5	—	—	15.1
EBITDA	\$78.2	\$ 15.0	\$ (9.7)	\$ (23.5)	\$60.0
Goodwill	\$45.9	\$ —	\$ 92.7	\$ —	\$138.6
Total assets	\$2,825.0	\$ 1,015.3	\$ 673.1	\$ 23.0	\$4,536.4

	Three Months Ended September 30, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	\$434.4	\$ 6.2	\$ 515.0	\$ —	\$955.6
Intersegment revenues	29.9	1.2	(31.1)	—	—
Costs of product/services sold	378.6	0.2	479.7	—	858.5
Operations and maintenance expense	16.2	1.0	18.3	—	35.5
General and administrative expense	—	—	—	21.4	21.4
Gain (loss) on long-lived assets, net	(3.9)	—	0.6	(3.0)	(6.3)
Earnings from unconsolidated affiliates, net	4.3	7.2	—	—	11.5
EBITDA	\$69.9	\$ 13.4	\$ (13.5)	\$ (24.4)	\$45.4

Table of Contents

	Nine Months Ended September 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	\$838.1	\$ 12.8	\$2,034.8	\$ —	\$2,885.7
Intersegment revenues	141.5	7.1	(148.6)	—	—
Costs of product/services sold	701.6	0.1	1,817.0	—	2,518.7
Operations and maintenance expense	52.7	2.3	41.0	—	96.0
General and administrative expense	—	—	—	69.9	69.9
Gain (loss) on long-lived assets, net	(2.1)	—	(26.7)	1.1	(27.7)
Earnings from unconsolidated affiliates, net	15.8	23.7	—	—	39.5
EBITDA	\$239.0	\$ 41.2	\$ 1.5	\$ (68.8)	\$212.9
Goodwill	\$45.9	\$ —	\$92.7	\$ —	\$138.6
Total assets	\$2,825.0	\$ 1,015.3	\$673.1	\$ 23.0	\$4,536.4

	Nine Months Ended September 30, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	\$1,208.1	\$ 24.7	\$1,401.2	\$ —	\$2,634.0
Intersegment revenues	94.3	4.7	(99.0)	—	—
Costs of product/services sold	1,049.9	0.3	1,221.4	—	2,271.6
Operations and maintenance expense	51.8	3.4	48.2	—	103.4
General and administrative expense	—	—	—	69.0	69.0
Gain (loss) on long-lived assets	(3.9)	—	0.6	(3.0)	(6.3)
Earnings from unconsolidated affiliates, net	7.7	21.5	—	—	29.2
EBITDA	\$204.5	\$ 47.2	\$ 33.2	\$ (72.0)	\$212.9

Table of Contents

In conjunction with the adoption of the provisions of Topic 606, we began reporting our revenues from contracts with customers disaggregated by type of product/service sold and by commodity type for each of our segments for the three and nine months ended September 30, 2018, as we believe it best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by economic factors. See details in the table below for disaggregation of our revenues (in millions).

	Three Months Ended September 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Intersegment Elimination	Total
Revenues:					
Topic 606 revenues					
Gathering					
Natural gas	\$32.9	\$ —	\$ —	\$ —	\$32.9
Crude oil	9.4	—	—	—	9.4
Water	15.5	—	—	—	15.5
Processing					
Natural gas	2.7	—	—	—	2.7
NGLs	—	—	2.0	—	2.0
Compression					
Natural gas	7.0	—	—	—	7.0
Storage					
Crude oil	0.4	0.8	—	(0.4)	0.8
NGLs	—	—	1.9	—	1.9
Pipeline					
Crude oil	—	2.1	—	(0.6)	1.5
Transportation					
Crude oil	0.9	—	1.5	—	2.4
NGLs	—	—	6.6	—	6.6
Water	—	—	—	—	—
Rail Loading					
Crude oil	—	2.8	—	(1.3)	1.5
NGLs	—	—	0.9	—	0.9
Product Sales					
Natural gas	13.4	—	31.7	(3.9)	41.2
Crude oil	190.3	—	268.8	(43.1)	416.0
NGLs	24.6	—	291.1	(7.8)	307.9
Other	—	0.4	—	(0.3)	0.1
Total Topic 606 revenues	297.1	6.1	604.5	(57.4)	850.3
Non-Topic 606 revenues ⁽¹⁾	—	—	79.9	—	79.9
Total revenues	\$297.1	\$ 6.1	\$ 684.4	\$ (57.4)	\$930.2

(1) Represents revenues related to our commodity-based derivatives. See Note 6 for additional information related to our price risk management activities.

Table of Contents

	Nine Months Ended September 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Intersegment Elimination	Total
Revenues:					
Topic 606 revenues					
Gathering					
Natural gas	\$ 102.2	\$ —	\$ —	\$ —	\$ 102.2
Crude oil	28.0	—	—	—	28.0
Water	41.3	—	—	—	41.3
Processing					
Natural gas	8.1	—	—	—	8.1
NGLs	—	—	6.1	—	6.1
Compression					
Natural gas	22.5	—	—	—	22.5
Storage					
Crude oil	1.3	2.6	—	(0.9) 3.0
NGLs	—	—	7.4	—	7.4
Pipeline					
Crude oil	—	4.7	—	(1.6) 3.1
Transportation					
Crude oil	2.1	—	4.4	—	6.5
NGLs	—	—	26.0	—	26.0
Water	—	—	0.2	—	0.2
Rail Loading					
Crude oil	—	11.5	—	(3.8) 7.7
NGLs	—	—	3.1	—	3.1
Product Sales					
Natural gas	38.7	—	48.4	(10.6) 76.5
Crude oil	667.9	—	725.4	(112.4) 1,280.9
NGLs	67.5	—	1,003.1	(18.5) 1,052.1
Other	—	1.1	—	(0.8) 0.3
Total Topic 606 revenues	979.6	19.9	1,824.1	(148.6) 2,675.0
Non-Topic 606 revenues ⁽¹⁾	—	—	210.7	—	210.7
Total revenues	\$ 979.6	\$ 19.9	\$ 2,034.8	\$ (148.6) \$ 2,885.7

⁽¹⁾ Represents revenues related to our commodity-based derivatives. See Note 6 for additional information related to our price risk management activities.

Note 14 – Condensed Consolidating Financial Information

Crestwood Midstream is a holding company (Parent) and owns no operating assets and has no significant operations independent of its subsidiaries. Obligations under Crestwood Midstream's senior notes and its credit facility are jointly and severally guaranteed by substantially all of its subsidiaries, except for Crestwood Infrastructure, Crestwood Niobrara, Crestwood Pipeline and Storage Northeast LLC (Crestwood Northeast), PRBIC and Tres Holdings and their respective subsidiaries (collectively, Non-Guarantor Subsidiaries). Crestwood Midstream Finance Corp., the co-issuer

of the senior notes, is Crestwood Midstream's 100% owned subsidiary and has no material assets, operations, revenues or cash flows other than those related to its service as co-issuer of the Crestwood Midstream senior notes.

The tables below present condensed consolidating financial statements for Crestwood Midstream as Parent on a stand-alone, unconsolidated basis, and Crestwood Midstream's combined guarantor and combined non-guarantor subsidiaries as of September 30, 2018 and December 31, 2017, and for the three and nine months ended September 30, 2018 and 2017. The financial information may not necessarily be indicative of the results of operations, cash flows or financial position had the subsidiaries operated as independent entities.

Table of Contents

Crestwood Midstream Partners LP
Condensed Consolidating Balance Sheet
September 30, 2018
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash	\$2.0	\$ —	\$ —	\$ —	\$ 2.0
Accounts receivable	—	344.3	5.7	—	350.0
Inventory	—	91.8	—	—	91.8
Other current assets	—	83.1	—	—	83.1
Total current assets	2.0	519.2	5.7	—	526.9
Property, plant and equipment, net	—	2,137.5	—	—	2,137.5
Goodwill and intangible assets, net	—	702.8	—	—	702.8
Investment in consolidated affiliates	3,745.9	—	—	(3,745.9)	—
Investment in unconsolidated affiliates	—	—	1,166.9	—	1,166.9
Other non-current assets	—	2.3	—	—	2.3
Total assets	\$3,747.9	\$ 3,361.8	\$ 1,172.6	\$(3,745.9)	\$ 4,536.4
Liabilities and partners' capital					
Current liabilities:					
Accounts payable	\$—	\$ 319.2	\$ —	\$—	\$ 319.2
Other current liabilities	38.8	118.8	—	—	157.6
Total current liabilities	38.8	438.0	—	—	476.8
Long-term liabilities:					
Long-term debt, less current portion	1,675.1	—	—	—	1,675.1
Other long-term liabilities	—	112.4	57.0	—	169.4
Deferred income taxes	—	0.6	—	—	0.6
Partners' capital	2,034.0	2,810.8	935.1	(3,745.9)	2,034.0
Interest of non-controlling partners in subsidiary	—	—	180.5	—	180.5
Total partners' capital	2,034.0	2,810.8	1,115.6	(3,745.9)	2,214.5
Total liabilities and partners' capital	\$3,747.9	\$ 3,361.8	\$ 1,172.6	\$(3,745.9)	\$ 4,536.4

Table of Contents

Crestwood Midstream Partners LP
Condensed Consolidating Balance Sheet
December 31, 2017
(in millions)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash	\$1.0	\$ —	\$ —	\$ —	\$ 1.0
Accounts receivable	—	439.7	2.9	—	442.6
Inventory	—	68.4	—	—	68.4
Other current assets	—	18.1	—	—	18.1
Total current assets	1.0	526.2	2.9	—	530.1
Property, plant and equipment, net	—	2,007.5	—	—	2,007.5
Goodwill and intangible assets, net	—	743.3	—	—	743.3
Investment in consolidated affiliates	3,705.4	—	—	(3,705.4)	—
Investment in unconsolidated affiliates	—	—	1,183.0	—	1,183.0
Other non-current assets	—	2.4	—	—	2.4
Total assets	\$3,706.4	\$ 3,279.4	\$ 1,185.9	\$(3,705.4)	\$ 4,466.3
Liabilities and partners' capital					
Current liabilities:					
Accounts payable	\$—	\$ 346.8	\$ —	\$ —	\$ 346.8
Other current liabilities	20.5	134.0	—	—	154.5
Total current liabilities	20.5	480.8	—	—	501.3
Long-term liabilities:					
Long-term debt, less current portion	1,490.5	0.8	—	—	1,491.3
Other long-term liabilities	—	45.6	57.0	—	102.6
Deferred income taxes	—	0.7	—	—	0.7
Partners' capital	2,195.4	2,751.5	953.9	(3,705.4)	2,195.4
Interest of non-controlling partners in subsidiary	—	—	175.0	—	175.0
Total partners' capital	2,195.4	2,751.5	1,128.9	(3,705.4)	2,370.4
Total liabilities and partners' capital	\$3,706.4	\$ 3,279.4	\$ 1,185.9	\$(3,705.4)	\$ 4,466.3

Table of Contents

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Three Months Ended September 30, 2018
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	\$—	\$ 930.2	\$ —	\$ —	\$ 930.2
Costs of product/services sold	—	827.5	—	—	827.5
Operating expenses and other:					
Operations and maintenance	—	29.6	—	—	29.6
General and administrative	14.3	10.3	—	—	24.6
Depreciation, amortization and accretion	—	42.7	—	—	42.7
Loss on long-lived assets, net	—	3.6	—	—	3.6
	14.3	86.2	—	—	100.5
Operating income (loss)	(14.3)	16.5	—	—	2.2
Earnings from unconsolidated affiliates, net	—	—	15.1	—	15.1
Interest and debt expense, net	(25.1)	—	—	—	(25.1)
Equity in net income (loss) of subsidiaries	27.5	—	—	(27.5)	—
Net income (loss)	(11.9)	16.5	15.1	(27.5)	(7.8)
Net income attributable to non-controlling partners in subsidiaries	—	—	4.1	—	4.1
Net income (loss) attributable to Crestwood Midstream Partners LP	\$(11.9)	\$ 16.5	\$ 11.0	\$ (27.5)	\$ (11.9)

Table of Contents

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Three Months Ended September 30, 2017
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	\$—	\$ 955.6	\$ —	\$ —	\$ 955.6
Costs of product/services sold	—	858.5	—	—	858.5
Operating expenses:					
Operations and maintenance	—	35.5	—	—	35.5
General and administrative	15.2	6.2	—	—	21.4
Depreciation, amortization and accretion	—	50.9	—	—	50.9
Loss on long-lived assets, net	—	6.3	—	—	6.3
	15.2	98.9	—	—	114.1
Operating loss	(15.2)	(1.8)	—	—	(17.0)
Earnings from unconsolidated affiliates, net	—	—	11.5	—	11.5
Interest and debt expense, net	(24.2)	—	—	—	(24.2)
Equity in net income (loss) of subsidiaries	3.2	—	—	(3.2)	—
Income (loss) before income taxes	(36.2)	(1.8)	11.5	(3.2)	(29.7)
Provision for income taxes	—	(0.1)	—	—	(0.1)
Net income (loss)	(36.2)	(1.9)	11.5	(3.2)	(29.8)
Net income attributable to non-controlling partners in subsidiaries	—	—	6.4	—	6.4
Net income (loss) attributable to Crestwood Midstream Partners LP	\$(36.2)	\$(1.9)	\$ 5.1	\$ (3.2)	\$(36.2)

Table of Contents

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Nine Months Ended September 30, 2018
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	\$—	\$ 2,885.7	\$ —	\$ —	\$ 2,885.7
Costs of product/services sold	—	2,518.7	—	—	2,518.7
Operating expenses and other:					
Operations and maintenance	—	96.0	—	—	96.0
General and administrative	42.0	27.9	—	—	69.9
Depreciation, amortization and accretion	—	137.9	—	—	137.9
Loss on long-lived assets, net	—	27.7	—	—	27.7
	42.0	289.5	—	—	331.5
Operating income (loss)	(42.0)	77.5	—	—	35.5
Earnings from unconsolidated affiliates, net	—	—	39.5	—	39.5
Interest and debt expense, net	(73.8)	—	—	—	(73.8)
Equity in net income (loss) of subsidiaries	104.8	—	—	(104.8)	—
Income (loss) before income taxes	(11.0)	77.5	39.5	(104.8)	1.2
Provision for income taxes	—	(0.1)	—	—	(0.1)
Net income (loss)	(11.0)	77.4	39.5	(104.8)	1.1
Net income attributable to non-controlling partners in subsidiaries	—	—	12.1	—	12.1
Net income (loss) attributable to Crestwood Midstream Partners LP	\$(11.0)	\$ 77.4	\$ 27.4	\$ (104.8)	\$(11.0)

Table of Contents

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Nine Months Ended September 30, 2017
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	\$—	\$ 2,634.0	\$ —	\$ —	\$ 2,634.0
Costs of product/services sold	—	2,271.6	—	—	2,271.6
Operating expenses:					
Operations and maintenance	—	103.4	—	—	103.4
General and administrative	50.1	18.9	—	—	69.0
Depreciation, amortization and accretion	—	153.5	—	—	153.5
Loss on long-lived assets, net	—	6.3	—	—	6.3
	50.1	282.1	—	—	332.2
Operating income (loss)	(50.1)	80.3	—	—	30.2
Earnings from unconsolidated affiliates, net	—	—	29.2	—	29.2
Interest and debt expense, net	(74.8)	—	—	—	(74.8)
Loss on modification/extinguishment of debt	(37.7)	—	—	—	(37.7)
Equity in net income (loss) of subsidiaries	90.7	—	—	(90.7)	—
Net income (loss)	(71.9)	80.3	29.2	(90.7)	(53.1)
Net income attributable to non-controlling partners in subsidiaries	—	—	18.8	—	18.8
Net income (loss) attributable to Crestwood Midstream Partners LP	\$(71.9)	\$ 80.3	\$ 10.4	\$ (90.7)	\$(71.9)

Table of Contents

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2018
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities	\$ (92.1)	\$ 262.1	\$ 36.4	\$ —	\$ 206.4
Cash flows from investing activities:					
Purchases of property, plant and equipment	(3.7)	(202.0)	—	—	(205.7)
Investment in unconsolidated affiliates	—	—	(27.7)	—	(27.7)
Capital distributions from unconsolidated affiliates	—	—	34.6	—	34.6
Net proceeds from sale of assets	—	8.6	—	—	8.6
Capital distributions from consolidated affiliates	36.7	—	—	(36.7)	—
Net cash provided by (used in) investing activities	33.0	(193.4)	6.9	(36.7)	(190.2)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	1,152.1	—	—	—	1,152.1
Payments on long-term debt	(972.8)	(0.9)	—	—	(973.7)
Payments on capital leases	—	(1.1)	—	—	(1.1)
Distributions to partners	(179.0)	—	(6.6)	—	(185.6)
Distributions to parent	—	—	(36.7)	36.7	—
Taxes paid for unit-based compensation vesting	—	(6.9)	—	—	(6.9)
Change in intercompany balances	59.8	(59.8)	—	—	—
Net cash provided by (used in) financing activities	60.1	(68.7)	(43.3)	36.7	(15.2)
Net change in cash	1.0	—	—	—	1.0
Cash at beginning of period	1.0	—	—	—	1.0
Cash at end of period	\$ 2.0	\$ —	\$ —	\$ —	\$ 2.0

Table of Contents

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2017
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities	\$(102.6)	\$ 312.0	\$ 23.5	\$ —	\$ 232.9
Cash flows from investing activities:					
Purchases of property, plant and equipment	(5.8)	(128.6)	—	—	(134.4)
Investment in unconsolidated affiliates	—	—	(46.5)	—	(46.5)
Capital distributions from unconsolidated affiliates	—	—	35.3	—	35.3
Net proceeds from sale of assets	—	1.3	—	—	1.3
Capital distributions from consolidated affiliates	0.9	—	—	(0.9)	—
Net cash used in investing activities	(4.9)	(127.3)	(11.2)	(0.9)	(144.3)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	2,209.8	—	—	—	2,209.8
Payments on long-term debt	(2,157.9)	(1.3)	—	—	(2,159.2)
Payments on capital leases	—	(2.2)	—	—	(2.2)
Payments for debt-related deferred costs	(1.0)	—	—	—	(1.0)
Distributions to partners	(119.5)	—	(11.4)	—	(130.9)
Distributions to parent	—	—	(0.9)	0.9	—
Taxes paid for unit-based compensation vesting	—	(5.3)	—	—	(5.3)
Change in intercompany balances	175.9	(175.9)	—	—	—
Net cash provided by (used in) financing activities	107.3	(184.7)	(12.3)	0.9	(88.8)
Net change in cash	(0.2)	—	—	—	(0.2)
Cash at beginning of period	1.3	—	—	—	1.3
Cash at end of period	\$1.1	\$ —	\$ —	\$ —	\$ 1.1

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and the accompanying footnotes and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2017 Annual Report on Form 10-K.

This report, including information included or incorporated by reference herein, contains forward-looking statements concerning the financial condition, results of operations, plans, objectives, future performance and business of our company and its subsidiaries. These forward-looking statements include:

statements that are not historical in nature, including, but not limited to: (i) our belief that anticipated cash from operations, cash distributions from entities that we control, and borrowing capacity under our credit facility will be sufficient to meet our anticipated liquidity needs for the foreseeable future; (ii) our belief that we do not have material potential liability in connection with legal proceedings that would have a significant financial impact on our consolidated financial condition, results of operations or cash flows; (iii) our belief that our assets will continue to benefit from the development of unconventional shale plays as significant supply basins; and

statements preceded by, followed by or that contain forward-looking terminology including the words "believe," "expect," "may," "will," "should," "could," "anticipate," "estimate," "intend" or the negation thereof, or similar expressions.

Forward-looking statements are not guarantees of future performance or results. They involve risks, uncertainties and assumptions. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- our ability to successfully implement our business plan for our assets and operations;
- governmental legislation and regulations;
- industry factors that influence the supply of and demand for crude oil, natural gas and NGLs;
- industry factors that influence the demand for services in the markets (particularly unconventional shale plays) in which we provide services;
- weather conditions;
- the availability of crude oil, natural gas and NGLs, and the price of those commodities, to consumers relative to the price of alternative and competing fuels;
- economic conditions;
- costs or difficulties related to the integration of acquisitions and success of our joint ventures' operations;
- environmental claims;
- operating hazards and other risks incidental to the provision of midstream services, including gathering, compressing, treating, processing, fractionating, transporting and storing energy products (i.e., crude oil, NGLs and natural gas) and related products (i.e., produced water);
- interest rates;
- the price and availability of debt and equity financing, including our ability to raise capital through alternatives like joint ventures; and
- the ability to sell or monetize assets, to reduce indebtedness, to repurchase our equity securities, to make strategic investments, or for other general partnership purposes.

For additional factors that could cause actual results to be materially different from those described in the forward-looking statements, see Part I, Item IA. Risk Factors of our 2017 Annual Report on Form 10-K.

Outlook and Trends

Our business objective is to create long-term value for our unitholders. We expect to create long-term value by consistently generating stable operating margin and improved cash flows from operations by prudently financing our investments, maximizing throughput on our assets, and effectively controlling our operating and administrative costs. Our business strategy depends, in part, on our ability to provide increased services to our customers at competitive fees, including opportunities to expand our services resulting from expansions, organic growth projects and acquisitions that can be financed appropriately.

Table of Contents

Through the challenging market environment since 2014, we have taken a number of strategic steps to better position the Company as a stronger, better capitalized company that can over time accretively grow cash flows and sustainably resume growing our distributions. Those strategic steps included (i) simplifying our corporate structure to eliminate our incentive distribution rights (IDRs) and create better alignment of interests with our unitholders; (ii) divesting assets to reduce approximately \$1 billion of long-term debt to ensure long-term balance sheet strength; (iii) realigning our operating structure to significantly reduce operating and administrative expenses; (iv) forming strategic joint ventures to enhance our competitive position around certain operating assets; and (v) focusing our growth capital expenditures on our highest return organic projects around our core growth assets in the Bakken Shale, Delaware Permian and Powder River Basin. We will remain focused on efficiently allocating capital expenditures by investing in accretive, organic growth projects, maintaining low-cost operations (through increased operating efficiencies and cost discipline) and maintaining our balance sheet strength through continued financial discipline. We expect to focus on expansion and greenfield opportunities in the Bakken Shale, Delaware Permian and Powder River Basin in the near term, while closely monitoring longer-term expansion opportunities in the northeast Marcellus. As a result, the Company is well positioned to execute its business plan and capitalize on the improving market conditions around many of our core assets.

While market conditions remain challenging around some of our assets, the Company continues to be positioned to generate consistent results in a low commodity price environment without sacrificing revenue upside as market conditions improve. For example, many of our more mature G&P assets are supported by long-term, core acreage dedications in shale plays that are economic to varying degrees based upon natural gas, NGL and crude oil prices, the availability of infrastructure to flow production to market, and the operational and financial condition of our diverse customer base. In addition, a substantial portion of our midstream investments are based on fixed-fee or minimum volume commitment agreements that ensure a minimum level of cash flow regardless of actual commodity prices or volumetric throughput. Over time, we expect cash flows from our more mature, non-core, assets to stabilize and potentially increase with the improving commodity price environment, while the growth from our core assets in the Bakken Shale, Delaware Permian, Powder River Basin and northeast Marcellus drive significant growth to the Company.

Segment Highlights

Below is a discussion of events that highlight our core business and financing activities. Through continued execution of our plan, we have materially improved the strategic and financial position of the Company and expect to capitalize on increasing opportunities in an improving but competitive market environment, which will position us to achieve our chief business objective to create long-term value for our unitholders.

Gathering and Processing

Bakken. In the Bakken, we are expanding and upgrading our Arrow system water handling facilities and increasing natural gas capacity on the system, which should allow for substantial growth in volumetric throughput across all of our crude oil, produced water and natural gas gathering systems.

We are also constructing a 120 MMcf/d cryogenic plant that we anticipate will be placed in-service in the third quarter of 2019 to fulfill 100% of the processing requirements for producers on the Arrow system upon expiration of third-party processing contracts in the third quarter 2019. Upon completion of the expansion, we expect to have 150 MMcf/d of gas processing capacity in the Bakken. We believe the expansion of our gas processing capacity on the Arrow system will, among other things, spur greater development activity around the Arrow system, allow us to provide greater flow assurance to our producer customers and reduce flaring of natural gas, and reduce the downstream constraints currently experienced by producers on the Fort Berthold Indian Reservation.

We expect to invest approximately \$400 million on these water, gas and plant expansions and upgrades in 2018 and 2019.

Delaware Permian. In the Delaware Permian, we have identified gathering and processing and transportation opportunities in and around our existing assets, including our joint ventures. In July 2018, our Crestwood Permian joint venture completed construction and began processing volumes at the Orla plant, a 200 MMcf/d natural gas processing facility in Orla, Texas. Concurrently with the completion of the Orla plant, Crestwood Permian brought into service the Orla Express Pipeline, a 33 mile, 20-inch high pressure line connecting the existing Willow Lake system with the Orla plant. We are also evaluating expansion opportunities to provide midstream services for crude oil and produced water, including crude gathering, crude oil and condensate storage and terminalling, condensate stabilization, truck loading/unloading options and connections to third party pipelines and produced water gathering, disposal and recycling.

Table of Contents

Crestwood Permian Basin has a long-term agreement with SWEPI to construct, own and operate a natural gas gathering system (the Nautilus system) in SWEPI's operated position in the Delaware Permian. SWEPI has dedicated to Crestwood Permian Basin approximately 100,000 acres and gathering rights for SWEPI's gas production across a large acreage position in Loving, Reeves, Ward and Culberson Counties, Texas. The Nautilus gathering system will be constructed to ultimately include 194 miles of low pressure gathering lines, 36 miles of high pressure trunklines and centralized compression facilities which are expandable over time as production increases, producing gas gathering capacity of approximately 250 MMcf/d. In addition, during the third quarter of 2018, the Orla processing plant described above, was further expanded and integrated to connect the Nautilus gas gathering system to the Orla plan.

In July 2018, a subsidiary of Crestwood Permian Basin Holdings LLC purchased an undivided interest in 80,000 Bbls/d of capacity in a segment of the Epic Y-Grade Pipeline, LP (EPIC) pipeline from Orla, Texas to Benedum, Texas, where the pipeline interconnects with Chevron Phillips Chemical Company, LP's (Chevron Phillips) pipeline. Contemporaneous with this transaction, the subsidiary of Crestwood Permian Basin Holdings LLC also entered into a purchase and sale agreement with Chevron Phillips to sell a dedicated volume of barrels to be delivered off the EPIC pipeline to Chevron Phillips' pipeline. Our ownership in the EPIC pipeline provides a competitive NGL takeaway solution to continue growing our G&P footprint in the Delaware Basin. Additionally, going forward, we are positioned to securely and economically move Orla NGL products into Gulf Coast markets which provides our customers optionality and flow assurance that creates a unique competitive advantage for us.

Powder River Basin. In the Powder River Basin, our Jackalope joint venture with Williams Partners LP (Williams) continues to benefit from increased drilling activity and better than anticipated well results. We and Williams are expanding the Jackalope gathering system and associated Bucking Horse processing plant to increase processing capacity to 345 MMcf/d by the end of 2019 to meet growing customer demand in the Powder River Basin. As part of the expansion, the current capacity of the Bucking Horse processing plant will increase from 120 MMcf/d to 145 MMcf/d by the end of the fourth quarter of 2018. The expansion also includes plans to add a second plant on the current Bucking Horse footprint by the end of 2019 which will add an additional 200 MMcf/d to the Jackalope gathering system.

Marketing, Supply and Logistics

West Coast. In October 2018, we sold our West Coast facilities included in our Marketing, Supply and Logistics segment to a third party for approximately \$70 million. For a further description of these assets, see our 2017 Annual Report on Form 10-K. We expect to use the proceeds from the sale of our West Coast facilities to reduce borrowings under the Credit Facility and to fund our on-going organic growth projects in the Bakken, Delaware Permian and Powder River Basin discussed above.

Regulatory Matters

Many aspects of the energy midstream sector, such as crude-by-rail activities and pipeline integrity, have experienced increased regulatory oversight over the past few years. However, under the current Presidential Administration, we anticipate changes in policy that could lessen the degree of regulatory scrutiny we face in the near term.

In December 2017, the Tax Cuts and Jobs Act (the Tax Act) was passed by the U.S. Congress, which modified several aspects of the U.S. income tax code beginning in 2018. We are currently evaluating how many of these modifications will impact master limited partnerships such as CEQP and its unitholders. In particular, we are evaluating the impact that the Tax Act will have on our unitholders' ability to deduct business interest from their taxable income, since the Tax Act requires that the business interest deduction be limited to the sum of business interest income and 30% of

adjusted taxable income. For the purposes of this limitation, adjusted taxable income will be computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion.

Effective December 2017, the Tax Act changed several provisions of the federal tax code, including a reduction in the maximum corporate tax rate. On March 15, 2018, the Federal Energy Regulatory Commission (FERC) issued a Revised Policy Statement on Treatment of Income Taxes (Revised Policy Statement) stating that it will no longer permit master limited partnerships to recover an income tax allowance in their cost-of-service rates. Also on March 15, 2018, the FERC issued a Notice of Proposed Rulemaking (NOPR) proposing rules for implementation of the Revised Policy Statement and the corporate income tax rate reduction with respect to pipeline rates. On July 18, 2018, the FERC issued an order denying requests for rehearing and clarification of its Revised Policy Statement because it is a non-binding policy and parties will have the opportunity to address the policy as applied in future cases. In the rehearing order, the FERC clarified that a pipeline organized as a master limited partnership will not be precluded in a future proceeding from providing support that it is entitled to an income tax allowance and demonstrating that its recovery of an income tax allowance does not result in a double-recovery of

Table of Contents

investors' income tax costs. Also on July 18, 2018, the FERC issued a Final Rule adopting procedures that are generally the same as proposed in the NOPR with a few clarifications and modifications. With limited exceptions, the Final Rule requires all FERC-regulated natural gas pipelines that have cost-based rates for service to make a one-time Form No. 501-G filing providing certain financial information and to select one of four options: (i) file a limited NGA Section 4 filing reducing its rates only as required related to the Tax Cuts and Jobs Act of 2017 and the Revised Policy Statement; (ii) commit to filing a general NGA Section 4 rate case in the near future; (iii) file a statement explaining why an adjustment to rates is not needed; or (iv) take no other action.

On March 15, 2018, the FERC also issued a Notice of Inquiry (NOI) requesting comments about whether, and if so how, the FERC should address changes relating to accumulated deferred income taxes and bonus depreciation. Comments on the NOI were filed by May 21, 2018, and any actions the FERC may take following receipt of these responses to the NOI are unknown at this time, but could impact the rates midstream companies are permitted to charge its customers for transportation services in the future.

In addition, the FERC issued a NOI on April 19, 2018 (Certificate Policy Statement NOI), thereby initiating a review of its policies on certification of natural gas pipelines, including an examination of its long-standing Policy Statement on Certification of New Interstate Natural Gas Pipeline Facilities, issued in 1999, that is used to determine whether to grant certificates for new pipeline projects. Comments on the Certificate Policy Statement NOI were due on July 25, 2018, and we are unable to predict what, if any, changes may be proposed as a result of the NOI that will affect our natural gas pipeline business or when such proposals, if any, might become effective. We do not expect that any change in this policy would affect us in a materially different manner than any other similarly sized natural gas pipeline company operating in the United States.

Although we do not have any consolidated operations that have FERC-regulated pipelines, two of our equity investments (Stagecoach Gas Services LLC and Tres Palacios Holdings LLC) have FERC-regulated operations. These equity investments receive revenues from contracts that primarily have market-based rates or negotiated rates that are not tied to cost-of-service rates, and we currently do not expect rates subject to negotiated rates or market-based rates to be affected by the Revised Policy Statement, the Final Rule or any final regulations that may result from the NOI. As a result, we currently do not believe that the Revised Policy Statement, the Final Rule or NOI will have a material impact on our results of operations, but we continue to monitor developments at the FERC related to these matters to assess whether the final regulations could have an impact on the future results of our equity investments.

Critical Accounting Estimates

Our critical accounting estimates are consistent with those described in our 2017 Annual Report on Form 10-K.

How We Evaluate Our Operations

We evaluate our overall business performance based primarily on EBITDA and Adjusted EBITDA. We do not utilize depreciation, amortization and accretion expense in our key measures because we focus our performance management on cash flow generation and our assets have long useful lives.

EBITDA and Adjusted EBITDA - We believe that EBITDA and Adjusted EBITDA are widely accepted financial indicators of a company's operational performance and its ability to incur and service debt, fund capital expenditures and make distributions. We believe that EBITDA and Adjusted EBITDA are useful to our investors because it allows them to use the same performance measure analyzed internally by our management to evaluate the performance of our businesses and investments without regard to the manner in which they are financed or our capital structure. EBITDA is defined as income before income taxes, plus debt-related costs (interest and debt expense, net and loss on

modification/extinguishment of debt) and depreciation, amortization and accretion expense. Adjusted EBITDA considers the adjusted earnings impact of our unconsolidated affiliates by adjusting our equity earnings or losses from our unconsolidated affiliates to reflect our proportionate share (based on the distribution percentage) of their EBITDA, excluding impairments. Adjusted EBITDA also considers the impact of certain significant items, such as unit-based compensation charges, gains or losses on long-lived assets, third party costs incurred related to potential and completed acquisitions, certain environmental remediation costs, the change in fair value of commodity inventory-related derivative contracts, costs associated with the realignment of our Marketing, Supply and Logistics operations and other transactions identified in a specific reporting period. The change in fair value of commodity inventory-related derivative contracts is considered in determining Adjusted EBITDA given that the timing of recognizing gains and losses on these derivative contracts differs from the recognition of revenue for the related underlying sale of inventory to which these derivatives relate. Changes in the fair value of other derivative contracts is not considered in determining Adjusted EBITDA given the relatively short-term nature of those derivative contracts. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, as they do not include deductions for items such as depreciation, amortization and

Table of Contents

accretion, interest and income taxes, which are necessary to maintain our business. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income, operating cash flow or any other measure of financial performance presented in accordance with GAAP. EBITDA and Adjusted EBITDA calculations may vary among entities, so our computation may not be comparable to measures used by other companies.

See our reconciliation of net income to EBITDA and Adjusted EBITDA in Results of Operations below.

Results of Operations

The following tables summarize our results of operations for the three and nine months ended September 30, 2018 and 2017 (in millions):

	Crestwood Equity				Crestwood Midstream			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenues	\$930.2	\$955.6	\$2,885.7	\$2,634.0	\$930.2	\$955.6	\$2,885.7	\$2,634.0
Costs of product/services sold	827.5	858.5	2,518.7	2,271.6	827.5	858.5	2,518.7	2,271.6
Operations and maintenance expense	29.6	35.5	96.0	103.4	29.6	35.5	96.0	103.4
General and administrative expense	25.5	22.5	72.8	71.6	24.6	21.4	69.9	69.0
Depreciation, amortization and accretion	39.2	48.1	128.8	145.2	42.7	50.9	137.9	153.5
Loss on long-lived assets, net	(3.6)	(6.3)	(27.7)	(6.3)	(3.6)	(6.3)	(27.7)	(6.3)
Operating income (loss)	4.8	(15.3)	41.7	35.9	2.2	(17.0)	35.5	30.2
Earnings from unconsolidated affiliates, net	15.1	11.5	39.5	29.2	15.1	11.5	39.5	29.2
Interest and debt expense, net	(25.1)	(24.2)	(73.8)	(74.8)	(25.1)	(24.2)	(73.8)	(74.8)
Loss on modification/extinguishment of debt	—	—	—	(37.7)	—	—	—	(37.7)
Other income, net	—	0.2	0.2	0.4	—	—	—	—
Provision for income taxes	—	(0.1)	(0.2)	—	—	(0.1)	(0.1)	—
Net income (loss)	(5.2)	(27.9)	7.4	(47.0)	(7.8)	(29.8)	1.1	(53.1)
Add:								
Interest and debt expense, net	25.1	24.2	73.8	74.8	25.1	24.2	73.8	74.8
Loss on modification/extinguishment of debt	—	—	—	37.7	—	—	—	37.7
Provision for income taxes	—	0.1	0.2	—	—	0.1	0.1	—
Depreciation, amortization and accretion	39.2	48.1	128.8	145.2	42.7	50.9	137.9	153.5
EBITDA	59.1	44.5	210.2	210.7	60.0	45.4	212.9	212.9
Unit-based compensation charges	10.4	6.2	27.9	18.9	10.4	6.2	27.9	18.9
Loss on long-lived assets, net	3.6	6.3	27.7	6.3	3.6	6.3	27.7	6.3
Earnings from unconsolidated affiliates, net	(15.1)	(11.5)	(39.5)	(29.2)	(15.1)	(11.5)	(39.5)	(29.2)
Adjusted EBITDA from unconsolidated affiliates, net	25.9	21.5	69.9	54.9	25.9	21.5	69.9	54.9
Change in fair value of commodity inventory-related derivative contracts	17.1	27.4	7.0	12.5	17.1	27.4	7.0	12.5
	0.4	1.9	2.8	10.4	0.4	1.9	2.8	10.4

Significant transaction and
environmental related costs and other
items

Adjusted EBITDA	\$ 101.4	\$ 96.3	\$ 306.0	\$ 284.5	\$ 102.3	\$ 97.2	\$ 308.7	\$ 286.7
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50

Table of Contents

	Crestwood Equity				Crestwood Midstream			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net cash provided by operating activities	\$40.9	\$95.3	\$200.9	\$228.2	\$42.0	\$96.8	\$206.4	\$232.9
Net changes in operating assets and liabilities	8.8	(63.6)	(4.0)	(65.2)	8.6	(64.1)	(6.6)	(66.9)
Amortization of debt-related deferred costs	(1.8)	(1.9)	(5.4)	(5.4)	(1.8)	(1.9)	(5.4)	(5.4)
Interest and debt expense, net	25.1	24.2	73.8	74.8	25.1	24.2	73.8	74.8
Unit-based compensation charges	(10.4)	(6.2)	(27.9)	(18.9)	(10.4)	(6.2)	(27.9)	(18.9)
Loss on long-lived assets, net	(3.6)	(6.3)	(27.7)	(6.3)	(3.6)	(6.3)	(27.7)	(6.3)
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	0.1	3.0	0.3	2.5	0.1	3.0	0.3	2.5
Deferred income taxes	—	—	0.2	0.7	—	(0.1)	0.1	(0.1)
Provision for income taxes	—	0.1	0.2	—	—	0.1	0.1	—
Other non-cash (income) expense	—	(0.1)	(0.2)	0.3	—	(0.1)	(0.2)	0.3
EBITDA	59.1	44.5	210.2	210.7	60.0	45.4	212.9	212.9
Unit-based compensation charges	10.4	6.2	27.9	18.9	10.4	6.2	27.9	18.9
Loss on long-lived assets, net	3.6	6.3	27.7	6.3	3.6	6.3	27.7	6.3
Earnings from unconsolidated affiliates, net	(15.1)	(11.5)	(39.5)	(29.2)	(15.1)	(11.5)	(39.5)	(29.2)
Adjusted EBITDA from unconsolidated affiliates, net	25.9	21.5	69.9	54.9	25.9	21.5	69.9	54.9
Change in fair value of commodity inventory-related derivative contracts	17.1	27.4	7.0	12.5	17.1	27.4	7.0	12.5
Significant transaction and environmental related costs and other items	0.4	1.9	2.8	10.4	0.4	1.9	2.8	10.4
Adjusted EBITDA	\$101.4	\$96.3	\$306.0	\$284.5	\$102.3	\$97.2	\$308.7	\$286.7

Segment Results

The following table summarizes the EBITDA of our segments (in millions):

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics
Revenues	\$242.3	\$ 3.5	\$ 684.4	\$434.4	\$ 6.2	\$ 515.0
Intersegment revenues	54.8	2.6	(57.4)	29.9	1.2	(31.1)
Costs of product/services sold	205.1	(0.1)	622.5	378.6	0.2	479.7
Operations and maintenance expenses	17.2	0.7	11.7	16.2	1.0	18.3
Gain (loss) on long-lived assets, net	(2.2)	—	(2.5)	(3.9)	—	0.6
Earnings from unconsolidated affiliates, net	5.6	9.5	—	4.3	7.2	—
EBITDA	\$78.2	\$ 15.0	\$ (9.7)	\$69.9	\$ 13.4	\$ (13.5)

Table of Contents

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics
Revenues	\$838.1	\$ 12.8	\$2,034.8	\$1,208.1	\$ 24.7	\$1,401.2
Intersegment revenues	141.5	7.1	(148.6)	94.3	4.7	(99.0)
Costs of product/services sold	701.6	0.1	1,817.0	1,049.9	0.3	1,221.4
Operations and maintenance expenses	52.7	2.3	41.0	51.8	3.4	48.2
Gain (loss) on long-lived assets, net	(2.1)	—	(26.7)	(3.9)	—	0.6
Earnings from unconsolidated affiliates, net	15.8	23.7	—	7.7	21.5	—
EBITDA	\$239.0	\$ 41.2	\$ 1.5	\$204.5	\$ 47.2	\$ 33.2

Below is a discussion of the factors that impacted EBITDA by segment for the three and nine months ended September 30, 2018 compared to the same periods in 2017.

Gathering and Processing

EBITDA for our gathering and processing segment increased by approximately \$8.3 million and \$34.5 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017. Our gathering and processing segment's costs of product/services sold decreased by approximately \$173.5 million and \$348.3 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017, while our revenues only decreased by \$167.2 million and \$322.8 million during the same periods.

Our gathering and processing segment's revenues and product costs were impacted by the modified retrospective adoption of Topic 606 during the three and nine months ended September 30, 2018, which decreased its third quarter revenues and product costs by approximately \$279.2 million and \$282.1 million, respectively, and decreased its nine months 2018 revenues and product costs by approximately \$708.3 million and \$716.9 million, respectively. Also impacting our gathering and processing segment's EBITDA during the nine months ended September 30, 2018 compared to the same period in 2017, were lower revenues of approximately \$30.2 million and lower costs of product/services sold of approximately \$21.8 million as a result of the deconsolidation of Crestwood Mexico Pipeline LLC (Crestwood New Mexico).

The remaining increase in our gathering and processing segment's revenues (approximately \$112.0 million and \$415.7 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017) and costs of product/services sold (approximately \$108.6 million and \$390.4 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017) was primarily driven by our Arrow operations. During the three and nine months ended September 30, 2018, Arrow experienced higher average prices on its agreements under which it purchases and sells crude oil. In addition, natural gas and water volumes gathered by our Arrow system increased by 47%, and 31%, respectively, during the three months ended September 30, 2018, and 37% and 25%, respectively, during the nine months ended September 30, 2018 compared to the same periods in 2017. These favorable variances were driven by increased producer activity and expanded capacity on our Arrow system. In addition, during late 2017, the Bear Den processing plant was placed into service, which increased natural gas volumes gathered and processed by the Arrow system.

Our gathering and processing segment's operations and maintenance expenses increased approximately \$1.0 million and \$0.9 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017, primarily due to an increase in its costs related to the growth in Arrow's operations.

Our gathering and processing segment's EBITDA was also impacted by an increase in earnings from unconsolidated affiliates of approximately \$1.3 million and \$8.1 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017. These increases were primarily driven by a \$3.0 million and \$5.8 million increase in equity earnings from our Jackalope equity investment during the three and nine months ended September 30, 2018 due to an increase in its gathering and processing volumes compared to the same periods in 2017. Equity earnings from our Crestwood Permian equity investment also increased by \$2.3 million during the nine months ended September 30, 2018 compared to the same period in 2017, primarily due to the Nautilus system coming online in June 2017 and the contribution of Crestwood New Mexico to Crestwood Permian in June 2017. Our equity earnings from our Crestwood Permian equity investment decreased by

Table of Contents

approximately \$1.7 million during the three months ended September 30, 2018 compared to the same period in 2017. Pursuant to the Crestwood Permian limited liability company agreement, we were allocated 100% of the equity earnings from Crestwood New Mexico through June 30, 2018. Beginning with the third quarter of 2018, our equity earnings from Crestwood New Mexico is based on our ownership percentage of Crestwood Permian, which is currently 50%.

Storage and Transportation

EBITDA for our storage and transportation segment increased by approximately \$1.6 million during the three months ended September 30, 2018 compared to the same period in 2017, while we experienced a decrease in EBITDA of approximately \$6.0 million during the nine months ended September 30, 2018 compared to the same period in 2017. Revenues from our COLT Hub operations decreased by approximately \$1.3 million and \$9.5 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017, and our costs of product/services sold also decreased by approximately \$0.3 million and \$0.2 million during the same periods. Although rail loading volumes on our COLT Hub system increased by 119% and 7% during the three and nine months ended September 30, 2018 compared to the same periods in 2017 due to increased demand for rail loading services, the rates we were able to charge for these services were lower compared to prior periods due to the expiration of several firm rail loading agreements in 2017, which resulted in lower revenues and costs of product/services sold period over period.

During the three and nine months ended September 30, 2018, our storage and transportation segment's earnings from unconsolidated affiliates increased by approximately \$2 million compared to the same periods in 2017. These increases were primarily driven by our Stagecoach equity investment, primarily due to our share of Stagecoach's equity earnings increasing from 35% to 40% effective July 1, 2018.

Marketing, Supply and Logistics

EBITDA for our marketing, supply and logistics segment increased by approximately \$3.8 million during the three months ended September 30, 2018 compared to the same period in 2017, while we experienced a decrease in EBITDA of approximately \$31.7 million during the nine months ended September 30, 2018 compared to the same period in 2017. During the three and nine months ended September 30, 2018, we recorded a \$2.5 million and \$26.7 million loss on long-lived assets primarily related to the sale of our West Coast facilities (see Item 1. Financial Statements, Note 2 for a further discussion of this sale). In addition, our marketing, supply and logistics segment's EBITDA was also impacted by lower revenues and costs of product/services sold related to US Salt, LLC, which we sold in December 2017, resulting in lower revenues of approximately \$16.2 million and \$49.0 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017, and lower costs of product/services sold of approximately \$9.5 million and \$28.3 million during those same periods.

EBITDA for our marketing, supply and logistics segment (excluding the impacts from the sale of US Salt described above) was also impacted by an increase in its revenues of approximately \$159.3 million and \$633.0 million during the three and nine months ended September 30, 2018 compared to the same periods in 2017, and an increase in its costs of product/services sold of approximately \$152.3 million and \$623.9 million during the same periods.

Our crude and natural gas marketing operations experienced a \$170.7 million and \$454.9 million increase in revenues during the three and nine months ended September 30, 2018 compared to the same periods in 2017, and a \$170.9 million and \$456.8 million increase in its costs of product/services sold during the same periods. These increases were driven by higher crude marketing volumes due to increased marketing activity surrounding our crude-related operations.

The remaining \$178.1 million increase in our revenues and \$167.1 million increase in our costs of product/services sold during the nine months ended September 30, 2018 was driven by our NGL Marketing and Logistics operations. During the nine months ended September 30, 2018, our NGL Marketing and Logistics operations were able to capture more marketing opportunities to purchase and sell NGLs given the unusually cold weather during 2018 and opportunities to purchase NGLs surrounding our Bear Den processing plant, which was placed into service in late 2017. In addition, we experienced increased demand for trucking, rail, storage and terminal services as a result of an expanded US NGL supply base and market dislocations caused by increased NGL supplies from various high growth regions and regional pipeline outages. Included in our costs of product/services sold was a loss of \$16.7 million and \$15.3 million during the three and nine months ended September 30, 2018, and a loss of \$24.1 million and \$22.6 million during the three and nine months ended September 30, 2017.

During the three and nine months ended September 30, 2018, our marketing, supply and logistics segment's operations and maintenance expenses decreased by approximately \$6.6 million and \$7.2 million compared to the same periods in 2017, primarily due to our efforts to realign certain of its operations.

Table of Contents

Other EBITDA Results

General and Administrative Expenses. During the three and nine months ended September 30, 2018, our general and administrative expenses increased compared to the same periods in 2017, primarily due to an increase in unit-based compensation charges based on higher average awards outstanding under our long-term incentive plans during 2018 compared to 2017. Partially offsetting these increases were lower administrative costs due to the cost savings and realignment initiatives we undertook over the past several years related our operating our business.

Items not affecting EBITDA include the following:

Depreciation, Amortization and Accretion Expense. During the three and nine months ended September 30, 2018, depreciation, amortization and accretion expense decreased compared to the same periods in 2017. These decreases were primarily the result of the deconsolidation of our Crestwood New Mexico operations in June 2017, the sale of US Salt LLC in December 2017 and the classification of our West Coast assets as held for sale which we ceased depreciating beginning in June 2018.

Interest and Debt Expense, Net. During the three months ended September 30, 2018, interest and debt expense, net increased by approximately \$0.9 million primarily due to higher outstanding balances on our credit facility compared to the same period in 2017. Interest and debt expense, net decreased by approximately \$1.0 million during the nine months ended September 30, 2018 compared to the same period in 2017, primarily due to a decrease in interest expense on our senior notes due to repayments of certain of these notes during 2017, partially offset by an increase in interest expense on our credit facility due to higher outstanding balances during the comparative periods.

The following table provides a summary of interest and debt expense (in millions):

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
Credit facility	\$6.4	\$5.5	\$16.8	\$13.3
Senior notes	18.1	18.2	54.4	58.3
Other debt-related costs	2.0	1.7	5.6	5.4
Gross interest and debt expense	26.5	25.4	76.8	77.0
Less: capitalized interest	1.4	1.2	3.0	2.2
Interest and debt expense, net	\$25.1	\$24.2	\$73.8	\$74.8

Loss on Modification/Extinguishment of Debt. During the nine months ended September 30, 2017, we recognized a loss on extinguishment of debt of approximately \$37.7 million in conjunction with the tender of the remaining principal amounts outstanding on certain of Crestwood Midstream's senior notes.

Liquidity and Sources of Capital

Crestwood Equity is a holding company that derives all of its operating cash flow from its operating subsidiaries. Our principal sources of liquidity include cash generated by operating activities from our subsidiaries, distributions from our joint ventures, borrowings under the CMLP credit facility, and sales of equity and debt securities. Our operating subsidiaries use cash from their respective operations to fund their operating activities, maintenance and growth capital expenditures, and service their outstanding indebtedness. We believe our liquidity sources and operating cash

flows are sufficient to address our future operating, debt service and capital requirements.

We make cash quarterly distributions to our common unitholders within approximately 45 days after the end of each fiscal quarter in an aggregate amount equal to our available cash for such quarter. We also pay cash quarterly distributions of approximately \$15 million to our preferred unitholders. We believe our operating cash flows will well exceed cash distributions to our partners and our preferred unitholders at current levels, and as a result, we will have substantial operating cash flows as a source of liquidity for our growth capital expenditures.

As of September 30, 2018, we had \$526.1 million of available capacity under our credit facility considering the most restrictive debt covenants in the credit agreement. As of September 30, 2018, we were in compliance with all of our debt covenants applicable to the credit facility and senior notes.

Table of Contents

In October 2018, Crestwood Midstream entered into a Second Amended and Restated Credit Agreement (the Second Amended Credit Agreement). The Second Amended Credit Agreement provides for a five-year \$1.25 billion revolving credit facility, which expires in October 2023 and is available to fund acquisitions, working capital and internal growth projects and for general partnership purposes. Interest rates under the Second Amended Credit Agreement were reduced by 0.25%, and the debt covenants under the Second Amended Credit Agreement are materially consistent with those under the previous credit facility. For a further discussion of the Second Amended Credit Agreement, see Item 1, Financial Statements, Note 8.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, tender offers or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table provides a summary of Crestwood Equity's cash flows by category (in millions):

	Nine Months Ended September 30, 2018 2017	
Net cash provided by operating activities	\$200.9	\$228.2
Net cash used in investing activities	(190.2)	(144.3)
Net cash used in financing activities	(9.6)	(84.1)

Operating Activities

Our operating cash flows decreased by approximately \$27.3 million during the nine months ended September 30, 2018 compared to the same period in 2017. The decrease was primarily driven by a reduction in the net cash inflow from working capital of approximately \$61.2 million. Partially offsetting this decrease was higher operating revenues and costs primarily from our gathering and processing segment's Arrow operations of approximately \$415.7 million and \$390.4 million, respectively, and higher operating revenues and costs from our marketing, supply and logistics segment's NGL Marketing and Logistics operations of approximately \$178.1 million and \$167.1 million, respectively. For a further discussion of these segment results, see Results of Operations above.

Investing Activities

Capital Expenditures. The energy midstream business is capital intensive, requiring significant investments for the acquisition or development of new facilities. We categorize our capital expenditures as either:

growth capital expenditures, which are made to construct additional assets, expand and upgrade existing systems, or acquire additional assets; or

maintenance capital expenditures, which are made to replace partially or fully depreciated assets, to maintain the existing operating capacity of our assets, extend their useful lives or comply with regulatory requirements.

We anticipate that our growth capital expenditures and our capital contributions to our equity investments will range from \$300 million to \$350 million during 2018, primarily focused on our gathering and processing expansion projects in the Bakken, Delaware Permian and Powder River Basin described in Segment Highlights above. We anticipate that

our growth and reimbursable capital expenditures for the remainder of 2018 will increase the services we can provide to our customers and the operating efficiencies of our systems. We expect to finance our capital expenditures with a combination of cash generated by our operating subsidiaries, distributions received from our equity investments and borrowings under our credit facility.

Table of Contents

We have identified additional growth capital project opportunities for each of our reporting segments. Additional commitments or expenditures will be made at our discretion, and any discontinuation of the construction of these projects will likely result in less future cash flows and earnings. The following table summarizes our capital expenditures for the nine months ended September 30, 2018 (in millions).

Growth capital	\$179.0
Maintenance capital	16.7
Other ⁽¹⁾	10.0
Purchases of property, plant and equipment	\$205.7

(1) Represents purchases of property, plant and equipment that are reimbursable by third parties.

Investments in Unconsolidated Affiliates. During the nine months ended September 30, 2018, we contributed approximately \$27.7 million to our equity investments to fund their expansion projects described in Segment Highlights above.

Financing Activities

Significant items impacting our financing activities during the nine months ended September 30, 2018 and 2017, included the following:

Equity Transactions

During the nine months ended September 30, 2018, we made cash distributions of \$45 million to our preferred unitholders; prior to September 30, 2017, we had the option to make quarterly distributions to our preferred unitholders by issuing additional preferred units;

In December 2017, Crestwood Niobrara redeemed 100% of the outstanding Series A Preferred Units from GE and issued new Series A-2 Preferred Units to Jackalope Holdings. We began making distributions to Jackalope Holdings on its Series A-2 Preferred Units in the second quarter of 2018, and during the nine months ended September 30, 2018, we distributed approximately \$6.6 million to our non-controlling partner. During the nine months ended September 30, 2017, we made cash distributions of approximately \$11.4 million to our non-controlling partner; and

Our taxes paid for unit-based compensation vesting increased by approximately \$1.6 million during the nine months ended September 30, 2018 compared to the same period in 2017, primarily due to higher vesting of unit-based compensation awards.

Debt Transactions

Our debt-related transactions during the nine months ended September 30, 2018 resulted in net proceeds of approximately \$178.4 million compared to net proceeds of approximately \$49.6 million during the same period in 2017. The net increase during 2018 was primarily driven by an increase in borrowings under our Credit Facility to fund our capital expenditures primarily related to our Arrow expansion projects described in Segment Highlights above. During 2017, we repaid amounts outstanding under certain of Crestwood Midstream's senior notes with the proceeds from the issuance of its \$500 million, 5.75% unsecured notes due 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our interest rate risk and commodity price and market risks are discussed in our 2017 Annual Report on Form 10-K and there have been no material changes in those exposures from December 31, 2017 to September 30, 2018.

Table of Contents

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of September 30, 2018, Crestwood Equity and Crestwood Midstream carried out an evaluation under the supervision and with the participation of their respective management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, as to the effectiveness, design and operation of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended (Exchange Act) Rules 13a-15(e) and 15d-15(e)). Crestwood Equity and Crestwood Midstream maintain controls and procedures designed to provide reasonable assurance that information required to be disclosed in their respective reports that are filed or submitted under the Exchange Act of 1934, as amended, are recorded, processed, summarized and reported within the time periods specified by the rules and forms of the SEC, and that information is accumulated and communicated to their respective management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, as appropriate, to allow timely decisions regarding required disclosure. Such management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, do not expect that the disclosure controls and procedures or the internal controls will prevent and/or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Crestwood Equity's and Crestwood Midstream's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our Chief Executive Officer and Chief Financial Officer of their General Partners concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2018.

Changes in Internal Control over Financial Reporting

There were no changes to Crestwood Equity's or Crestwood Midstream's internal control over financial reporting during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect Crestwood Equity's or Crestwood Midstream's internal control over financial reporting.

Table of Contents

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Part I, Item 1. Financial Statements, Note 11 to the Consolidated Financial Statements, of this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

Our business faces many risks. Any of the risks discussed below or elsewhere in this Form 10-Q or our other SEC filings could have a material impact on our business, financial position or results of operations. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. For a detailed discussion of the risk factors that should be understood by any investor contemplating investment in our common units, see Part I, Item 1A. Risk Factors in our 2017 Annual Report on Form 10-K, as supplemented by the risk factors set forth below. There have been no material changes to the risk factors disclosed in our 2017 Annual Report on Form 10-K other than described below.

Terrorist attacks or “cyber security” events, or the threat of them, may adversely affect our business.

The U.S. government has issued public warnings that indicate that pipelines and other assets might be specific targets of terrorist organizations or “cyber security” events. These potential targets might include our pipeline systems or operating systems and may affect our ability to operate or control our pipeline assets or utilize our customer service systems. Recently, other companies in our industry have been the targets of cyber-attacks, and it is possible that the attacks in our industry will continue and grow in number. In addition, to assist in conducting our business, we rely on information technology systems and data hosting facilities, including systems and facilities that are hosted by third parties and with respect to which we have limited visibility and control. These systems and facilities may be vulnerable to a variety of evolving cyber security risks, including unauthorized access, denial-of-service attacks, malicious software, data privacy breaches by employees, insiders or others with authorized access, cyber or phishing-attacks, ransomware, malware, social engineering, physical breaches or other actions. The occurrence of any of these events, including any attack or threat targeted at our pipelines and other assets, could cause a substantial decrease in revenues, increased costs or other financial losses, exposure or loss of customer information, damage to our reputation or business relationships, increased regulation or litigation, disruption of our operations and/or inaccurate information reported from our operations. These developments may subject our operations to increased risks, as well as increased costs, and, depending on their ultimate magnitude, could have a material adverse effect on our business, results of operations and financial condition. Although we have adopted controls and systems, including procuring limited insurance for certain cyber-related losses, that are designed to protect information and mitigate the risk of data loss and other cyber security events, such measures cannot entirely eliminate cyber security threats, particularly as these threats continue to evolve and grow. Furthermore the controls and systems we have installed may be breached or be inadequate to address a risk that arises. While, similar to other companies in our industry, we have not experienced any material cyber security events in the past, we are not aware of and do not believe we have suffered any material loss from any cyber-related event; however, there is no assurance that we will not suffer such a loss in the future.

Our operations are subject to extensive regulation, and regulatory measures adopted by regulatory authorities could have a material adverse effect on our business, financial condition and results of operations.

On March 15, 2018, the FERC issued a Revised Policy Statement on Treatment of Income Taxes (Revised Policy Statement) stating that it will no longer permit master limited partnerships to recover an income tax allowance in their

cost-of-service rates. Also on March 15, 2018, the FERC issued a Notice of Proposed Rulemaking (NOPR) proposing rules for implementation of the Revised Policy Statement and the corporate income tax rate reduction with respect to pipeline rates. On July 18, 2018, the FERC issued an order denying requests for rehearing and clarification of its Revised Policy Statement because it is a non-binding policy and parties will have the opportunity to address the policy as applied in future cases. In the rehearing order, the FERC clarified that a pipeline organized as a master limited partnership will not be precluded in a future proceeding from providing support that it is entitled to an income tax allowance and demonstrating that its recovery of an income tax allowance does not result in a double-recovery of investors' income tax costs. Also on July 18, 2018, the FERC issued a Final Rule adopting procedures that are generally the same as proposed in the NOPR with a few clarifications and modifications. With limited exceptions, the Final Rule requires all FERC-regulated natural gas pipelines that have cost-based rates for service to make a one-time Form No. 501-G filing providing certain financial information and to select one of four options: (i) file a limited NGA Section 4 filing reducing its rates only as required related to the Tax Cuts and Jobs Act of 2017 and the Revised Policy Statement; (ii) commit to filing a general NGA Section 4 rate case in the near future; (iii) file a statement explaining why an adjustment to rates is not needed; or (iv) take no other action.

Table of Contents

The FERC also issued a Notice of Inquiry (NOI) requesting comments about whether, and if so how, the FERC should address changes relating to accumulated deferred income taxes and bonus depreciation. Any actions the FERC will take related to the NOI are unknown at this time, but could impact the rates midstream companies are permitted to charge its customers for transportation services in the future. At this time, we cannot predict the outcome of the Revised Policy Statement, the Final Rule or NOI, but the rates that our equity investments with FERC-regulated operations are permitted to charge its customers for transportation services after the expiration of the existing negotiated rates could be impacted if they file a limited or general NGA Section 4 rate filing or if the FERC or customers challenge the cost-of-service rates our equity investments are authorized to charge.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

Exhibit Number	Description
2.1	<u>Contribution Agreement, dated as of April 20, 2016, by and between Crestwood Pipeline and Storage Northeast LLC and Con Edison Gas Pipeline and Storage Northeast, LLC (incorporated by reference to Exhibit 2.1 to Crestwood Equity Partners LP's Form 8-K filed on April 22, 2016)</u>
3.1	<u>Certificate of Limited Partnership of Inergy, L.P. (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Registration Statement on Form S-1 filed on March 14, 2001)</u>
3.2	<u>Certificate of Correction of Certificate of Limited Partnership of Inergy, L.P. (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Form 10-Q filed on May 12, 2003)</u>
3.3	<u>Amendment to the Certificate of Limited Partnership of Crestwood Equity Partners LP (the "Company") (f/k/a Inergy, L.P.) dated as of October 7, 2013 (incorporated herein by reference to Exhibit 3.2 to Crestwood Equity Partners LP's Form 8-K filed on October 10, 2013)</u>
3.4	<u>Certificate of Formation of Inergy GP, LLC (incorporated by reference to Exhibit 3.5 to Inergy, L.P.'s Registration Statement on Form S-1/A filed on May 7, 2001)</u>
3.5	<u>Certificate of Amendment of Crestwood Equity GP LLC (the "General Partner") (f/k/a Inergy GP, LLC) dated as of October 7, 2013 (incorporated by reference to Exhibit 3.3A to Crestwood Equity Partners LP's Form 10-Q filed on November 8, 2013)</u>
3.6	<u>First Amended and Restated Limited Liability Company Agreement of Inergy GP, LLC dated as of September 27, 2012 (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Form 8-K filed on September 27, 2012)</u>
3.7	<u>Amendment No. 1 to the First Amended and Restated Limited Liability Company Agreement of the General Partner entered into and effective as of October 7, 2013 (incorporated by reference to Exhibit 3.4A to Crestwood Equity Partners LP's Form 10-Q filed on November 8, 2013)</u>
3.8	<u>Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP dated as of April 11, 2014 (incorporated herein by reference to Exhibit 3.1 to Crestwood Equity Partners LP's Form 8-K filed on April 11, 2014)</u>
3.9	<u>First Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP entered into and effective as of September 30, 2015 (incorporated by reference to Exhibit 3.1 to Crestwood Equity Partner LP's Form 8-K filed on October 1, 2015)</u>
3.10	<u>Second Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP entered into and effective as of November 8, 2017 (incorporated by reference to Exhibit 3.1 to Crestwood Equity Partners LP's Form 8-K filed on November 13, 2017)</u>
3.11	<u>Third Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP entered into and effective as of May 30, 2018 (incorporated by reference to Exhibit 3.1 to Crestwood Equity Partners LP's Form 8-K filed on June 4, 2018)</u>

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- 3.12 Second Amended and Restated Agreement of Limited Partnership of Crestwood Midstream Partners LP, dated as of September 30, 2015 (incorporated by reference to Exhibit 3.1 to Crestwood Midstream Partners LP's Form 8-K filed on October 1, 2015)
- 3.13 Certificate of Formation of NRG M GP, LLC (incorporated herein by reference to Exhibit 3.7 to Inergy Midstream, L.P.'s Form S-1/A filed on November 21, 2011)
- 3.14 Amended and Restated Limited Liability Company Agreement of NRG M GP, LLC, dated December 21, 2011 (incorporated herein by reference to Exhibit 3.2 to Inergy Midstream, L.P.'s Form 8-K filed on December 22, 2011)
- 3.15 Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of Crestwood Midstream GP LLC (f/k/a NRG M GP, LLC) (incorporated herein by reference to Exhibit 3.39 to Crestwood Midstream Partners LP's Form S-4/A filed on October 28, 2013)
- *10.1 Executive Restricted Unit Award Grant Notice
- *10.2 Non-Executive Restricted Unit Award Grant Notice
- *10.3 Director Restricted Unit Award Grant Notice
- *10.4 Restricted Unit Award Agreement

Table of Contents

- *12.1 Computation of ratio of earnings to fixed charges - Crestwood Equity Partners LP
 - *12.2 Computation of ratio of earnings to fixed charges - Crestwood Midstream Partners LP
 - *31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Equity Partners LP
 - *31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Equity Partners LP
 - *31.3 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Midstream Partners LP
 - *31.4 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Midstream Partners LP
 - *32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Equity Partners LP
 - *32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Equity Partners LP
 - *32.3 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Midstream Partners LP
 - *32.4 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Midstream Partners LP
 - **101.INS XBRL Instance Document
 - **101.SCH XBRL Taxonomy Extension Schema Document
 - **101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
 - **101.LAB XBRL Taxonomy Extension Label Linkbase Document
 - **101.PRE XBRL Taxonomy Extension Presentation Linkbase Document
 - **101.DEF XBRL Taxonomy Extension Definition Linkbase Document
 - * Filed herewith
- Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRESTWOOD EQUITY PARTNERS LP
By: CRESTWOOD EQUITY GP LLC
(its general partner)

Date: November 1, 2018 By: /s/ ROBERT T. HALPIN
Robert T. Halpin
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

CRESTWOOD MIDSTREAM PARTNERS LP
By: CRESTWOOD MIDSTREAM GP LLC
(its general partner)

Date: November 1, 2018 By: /s/ ROBERT T. HALPIN
Robert T. Halpin
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)