Crestwood Equity Partners LP
Form 10-Q
August 04, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017
OR
.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

(Exact name of registrant as specified in its charter)	Commission file number	State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
Crestwood Equity Partners LP	001-34664	Delaware	43-1918951
Crestwood Midstream Partners LP	001-35377	Delaware	20-1647837

811 Main Street, Suite 3400 Houston, Texas	77002
(Address of principal executive offices)	(Zip code)

(832) 519-2200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Crestwood Equity Partners LP Yes x No o
Crestwood Midstream Partners LP Yes x No o

(Explanatory Note: Crestwood Midstream Partners LP is currently a voluntary filer and is not subject to the filing requirements of the Securities Exchange Act of 1934. Although not subject to these filing requirements, Crestwood Midstream Partners LP has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months.)

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Crestwood Equity Partners LP Yes x No o
Crestwood Midstream Partners LP Yes x No o

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 x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o	Emerging growth company o
Crestwood Midstream Partners LP	Large accelerated filer o	Accelerated filer o	Non-accelerated filer x	Smaller reporting company o	Emerging growth company o

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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	o
Crestwood Midstream Partners LP	o

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 o	No x
Crestwood Midstream Partners LP	Yes o	No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (July 31, 2017)

Crestwood Equity Partners LP	69,675,760
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.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(in millions, except unit information)

	June 30, 2017 (unaudited)	December 31, 2016
Assets		
Current assets:		
Cash	$ 2.3	$ 1.6
Accounts receivable, less allowance for doubtful accounts of $1.4 million and $1.9 million at June 30, 2017 and December 31, 2016	290.3	289.8
Inventory	63.1	66.0
Assets from price risk management activities	12.8	6.3
Prepaid expenses and other current assets	7.0	9.7
Total current assets	375.5	373.4
Property, plant and equipment	2,556.7	2,555.4
Less: accumulated depreciation and depletion	516.4	457.8
Property, plant and equipment, net	2,040.3	2,097.6
Intangible assets	898.6	898.6
Less: accumulated amortization	268.0	241.2
Intangible assets, net	630.6	657.4
Goodwill	199.0	199.0
Investments in unconsolidated affiliates	1,181.7	1,115.4
Other assets	5.5	6.1
Total assets	$ 4,432.6	$ 4,448.9
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	$ 237.5	$ 217.2
Accrued expenses and other liabilities	84.5	90.5
Liabilities from price risk management activities	8.0	28.6
Current portion of long-term debt	1.0	1.0
Total current liabilities	331.0	337.3
Long-term debt, less current portion	1,613.0	1,522.7
Other long-term liabilities	47.3	44.6
Deferred income taxes	4.7	5.3
Commitments and contingencies (Note 10)		
Partners' capital:		
Crestwood Equity Partners LP partners' capital (70,027,261 and 69,499,741 common and subordinated units issued and outstanding at June 30, 2017 and December 31, 2016)	1,643.5	1,782.0
Preferred units (69,646,630 and 66,533,415 units issued and outstanding at June 30, 2017 and December 31, 2016)	595.8	564.5
Total Crestwood Equity Partners LP partners' capital	2,239.3	2,346.5
Interest of non-controlling partners in subsidiaries	197.3	192.5
Total partners' capital	2,436.6	2,539.0

Total liabilities and partners' capital	$ 4,432.6	$ 4,448.9

See accompanying notes.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Product revenues:				
Gathering and processing	$325.3	$199.1	$618.4	$361.6
Marketing, supply and logistics	421.5	257.4	851.7	463.9
	746.8	456.5	1,470.1	825.5
Services revenues:				
Gathering and processing	79.4	69.7	154.4	145.4
Storage and transportation	8.5	53.8	18.5	113.2
Marketing, supply and logistics	15.2	21.2	34.5	52.4
Related party (Note 11)	0.4	0.7	0.9	1.4
	103.5	145.4	208.3	312.4
Total revenues	850.3	601.9	1,678.4	1,137.9
Costs of product/services sold (exclusive of items shown separately below):				
Product costs:				
Gathering and processing	350.7	221.9	663.2	397.3
Marketing, supply and logistics	363.0	210.0	717.2	376.0
Related party (Note 11)	4.0	4.4	8.1	8.7
	717.7	436.3	1,388.5	782.0
Service costs:				
Gathering and processing	—	—	—	0.1
Storage and transportation	0.1	1.9	0.1	4.8
Marketing, supply and logistics	11.8	11.8	24.5	26.5
	11.9	13.7	24.6	31.4
Total costs of products/services sold	729.6	450.0	1,413.1	813.4
Expenses:				
Operations and maintenance	34.2	45.0	67.9	86.8
General and administrative	22.7	28.9	49.1	51.9
Depreciation, amortization and accretion	48.7	64.4	97.1	126.7
	105.6	138.3	214.1	265.4
Other operating expenses:				
Loss on long-lived assets, net	—	(32.7)	—	(32.7)
Goodwill impairment	—	—	—	(109.7)
Operating income (loss)	15.1	(19.1)	51.2	(83.3)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Earnings from unconsolidated affiliates, net	9.6	6.2	17.7	12.7
Interest and debt expense, net	(24.1)	(34.3)	(50.6)	(70.4)
Gain (loss) on modification/extinguishment of debt	(0.4)	10.0	(37.7)	10.0
Other income, net	0.1	0.1	0.2	0.2
Income (loss) before income taxes	0.3	(37.1)	(19.2)	(130.8)
Benefit for income taxes	—	—	0.1	—
Net income (loss)	0.3	(37.1)	(19.1)	(130.8)
Net income attributable to non-controlling partners	6.3	6.0	12.4	11.9
Net loss attributable to Crestwood Equity Partners LP	(6.0)	(43.1)	(31.5)	(142.7)
Net income attributable to preferred units	13.5	8.1	31.3	9.7
Net loss attributable to partners	$(19.5)	$(51.2)	$(62.8)	$(152.4)
Subordinated unitholders' interest in net loss	$—	$—	$—	$—
Common unitholders' interest in net loss	$(19.5)	$(51.2)	$(62.8)	$(152.4)
Net loss per limited partner unit:				
Basic	$(0.28)	$(0.74)	$(0.90)	$(2.21)
Diluted	$(0.28)	$(0.74)	$(0.90)	$(2.21)
Weighted-average limited partners’ units outstanding (in thousands):				
Basic	69,655	69,044	69,676	68,978
Dilutive units	—	—	—	—
Diluted	69,655	69,044	69,676	68,978

See accompanying notes.

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CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income (loss)	$0.3	$(37.1)	$(19.1)	$(130.8)
Change in fair value of Suburban Propane Partners, L.P. units	(0.5)	0.5	(0.9)	1.3
Comprehensive loss	(0.2)	(36.6)	(20.0)	(129.5)
Comprehensive income attributable to non-controlling interest	6.3	6.0	12.4	11.9
Comprehensive loss attributable to Crestwood Equity Partners LP	$(6.5)	$(42.6)	$(32.4)	$(141.4)

See accompanying notes.

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(in millions)
(unaudited)

	Preferred		Partners				
	Units	Capital	Common Units	Subordinated Units	Capital	Non-Controlling Partners	Total Partners' Capital
Balance at December 31, 2016	66.5	$564.5	69.1	0.4	$1,782.0	$ 192.5	$ 2,539.0
Distributions to partners	3.1	—	—	—	(83.6)	(7.6)	(91.2)
Unit-based compensation charges	—	—	0.7	—	12.7	—	12.7
Taxes paid for unit-based compensation vesting	—	—	(0.2)	—	(3.6)	—	(3.6)
Change in fair value of Suburban Propane Partners, L.P. units	—	—	—	—	(0.9)	—	(0.9)
Other	—	—	—	—	(0.3)	—	(0.3)
Net income (loss)	—	31.3	—	—	(62.8)	12.4	(19.1)
Balance at June 30, 2017	69.6	$595.8	69.6	0.4	$1,643.5	$ 197.3	$ 2,436.6

See accompanying notes.

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CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended June 30,	
	2017	2016
Operating activities		
Net loss	$(19.1)	$(130.8)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and accretion	97.1	126.7
Amortization of debt-related deferred costs, discounts and premiums	3.5	3.4
Unit-based compensation charges	12.7	9.3
Loss on long-lived assets, net	—	32.7
Goodwill impairment	—	109.7
(Gain) loss on modification/extinguishment of debt	37.7	(10.0)
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	0.5	(0.8)
Deferred income taxes	(0.7)	(0.6)
Other	(0.4)	0.1
Changes in operating assets and liabilities	1.6	53.3
Net cash provided by operating activities	132.9	193.0
Investing activities		
Purchases of property, plant and equipment	(88.7)	(76.2)
Investment in unconsolidated affiliates	(18.5)	(5.5)
Capital distributions from unconsolidated affiliates	21.1	5.5
Net proceeds from sale of assets	1.0	942.0
Net cash provided by (used in) investing activities	(85.1)	865.8
Financing activities		
Proceeds from the issuance of long-term debt	1,680.4	1,078.8
Payments on long-term debt	(1,630.3)	(1,987.7)
Payments on capital leases	(1.3)	(0.9)
Payments for debt-related deferred costs	(1.0)	(3.3)
Distributions to partners	(83.6)	(137.0)
Distributions paid to non-controlling partners	(7.6)	(7.6)
Taxes paid for unit-based compensation vesting	(3.6)	(0.6)
Other	(0.1)	(0.1)
Net cash used in financing activities	(47.1)	(1,058.4)
Net change in cash	0.7	0.4
Cash at beginning of period	1.6	0.5
Cash at end of period	$2.3	$0.9
Supplemental schedule of noncash investing and financing activities		
Net change to property, plant and equipment through accounts payable and accrued expenses	$(6.9)	$(11.9)

See accompanying notes.

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CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(in millions)

	June 30, 2017 (unaudited)	December 31, 2016
Assets		
Current assets:		
Cash	$ 2.0	$ 1.3
Accounts receivable, less allowance for doubtful accounts of $1.4 million and $1.9 million at June 30, 2017 and December 31, 2016	290.3	289.8
Inventory	63.1	66.0
Assets from price risk management activities	12.8	6.3
Prepaid expenses and other current assets	7.0	9.7
Total current assets	375.2	373.1
Property, plant and equipment	2,886.8	2,885.5
Less: accumulated depreciation and depletion	652.8	587.1
Property, plant and equipment, net	2,234.0	2,298.4
Intangible assets	883.1	883.1
Less: accumulated amortization	255.5	230.2
Intangible assets, net	627.6	652.9
Goodwill	199.0	199.0
Investments in unconsolidated affiliates	1,181.7	1,115.4
Other assets	2.1	1.8
Total assets	$ 4,619.6	$ 4,640.6
Liabilities and partners’ capital		
Current liabilities:		
Accounts payable	$ 234.8	$ 214.5
Accrued expenses and other liabilities	83.3	87.9
Liabilities from price risk management activities	8.0	28.6
Current portion of long-term debt	1.0	1.0
Total current liabilities	327.1	332.0
Long-term debt, less current portion	1,613.0	1,522.7
Other long-term liabilities	44.6	42.0
Deferred income taxes	0.7	0.7
Commitments and contingencies (Note 10)		
Partners’ capital	2,436.9	2,550.7
Interest of non-controlling partners in subsidiary	197.3	192.5
Total partners’ capital	2,634.2	2,743.2
Total liabilities and partners’ capital	$ 4,619.6	$ 4,640.6

See accompanying notes.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Product revenues:				
Gathering and processing	$325.3	$199.1	$618.4	$361.6
Marketing, supply and logistics	421.5	257.4	851.7	463.9
	746.8	456.5	1,470.1	825.5
Service revenues:				
Gathering and processing	79.4	69.7	154.4	145.4
Storage and transportation	8.5	53.8	18.5	113.2
Marketing, supply and logistics	15.2	21.2	34.5	52.4
Related party (Note 11)	0.4	0.7	0.9	1.4
	103.5	145.4	208.3	312.4
Total revenues	850.3	601.9	1,678.4	1,137.9
Costs of product/services sold (exclusive of items shown separately below):				
Product costs:				
Gathering and processing	350.7	221.9	663.2	397.3
Marketing, supply and logistics	363.0	210.0	717.2	376.0
Related party (Note 11)	4.0	4.4	8.1	8.7
	717.7	436.3	1,388.5	782.0
Service costs:				
Gathering and processing	—	—	—	0.1
Storage and transportation	0.1	1.9	0.1	4.8
Marketing, supply and logistics	11.8	11.8	24.5	26.5
	11.9	13.7	24.6	31.4
Total costs of product/services sold	729.6	450.0	1,413.1	813.4
Expenses:				
Operations and maintenance	34.2	41.4	67.9	83.1
General and administrative	22.1	28.0	47.6	50.2
Depreciation, amortization and accretion	51.4	67.1	102.6	132.0
	107.7	136.5	218.1	265.3
Other operating expenses:				
Loss on long-lived assets, net	—	(32.7)	—	(32.7)
Goodwill impairment	—	—	—	(109.7)
Operating income (loss)	13.0	(17.3)	47.2	(83.2)

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CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
(in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Earnings from unconsolidated affiliates, net	9.6	6.2	17.7	12.7
Interest and debt expense, net	(24.1)	(34.3)	(50.6)	(70.4)
Gain (loss) on modification/extinguishment of debt	(0.4)	10.0	(37.7)	10.0
Loss before income taxes	(1.9)	(35.4)	(23.4)	(130.9)
Benefit (provision) for income taxes	—	(0.2)	0.1	—
Net loss	(1.9)	(35.6)	(23.3)	(130.9)
Net income attributable to non-controlling partners	6.3	6.0	12.4	11.9
Net loss attributable to Crestwood Midstream Partners LP	$(8.2)	$(41.6)	$(35.7)	$(142.8)

See accompanying notes.

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

	Partners	Non-Controlling Partners	Total Partners' Capital
Balance at December 31, 2016	$2,550.7	$ 192.5	$ 2,743.2
Distributions to partners	(86.9)	(7.6)	(94.5)
Unit-based compensation charges	12.7	—	12.7
Taxes paid for unit-based compensation vesting	(3.6)	—	(3.6)
Other	(0.3)	—	(0.3)
Net income (loss)	(35.7)	12.4	(23.3)
Balance at June 30, 2017	$2,436.9	$ 197.3	$ 2,634.2

See accompanying notes.

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CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended June 30,	
	2017	2016
Operating activities		
Net loss	$(23.3)	$(130.9)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and accretion	102.6	132.0
Amortization of debt-related deferred costs and premiums	3.5	3.4
Unit-based compensation charges	12.7	9.3
Goodwill impairment	—	109.7
Loss on long-lived assets	—	32.7
(Gain) loss on modification/extinguishment of debt	37.7	(10.0)
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	0.5	(0.8)
Deferred income taxes	—	0.2
Other	(0.4)	0.1
Changes in operating assets and liabilities	2.8	50.3
Net cash provided by operating activities	136.1	196.0
Investing activities		
Purchases of property, plant and equipment	(88.7)	(76.2)
Investment in unconsolidated affiliates	(18.5)	(5.5)
Capital distributions from unconsolidated affiliates	21.1	5.5
Net proceeds from sale of assets	1.0	942.0
Net cash provided by (used in) investing activities	(85.1)	865.8
Financing activities		
Proceeds from the issuance of long-term debt	1,680.4	1,078.8
Payments on long-term debt	(1,630.3)	(1,987.5)
Payments on capital leases	(1.3)	(0.9)
Payments for debt-related deferred costs	(1.0)	(3.3)
Distributions to partners	(94.5)	(148.2)
Taxes paid for unit-based compensation vesting	(3.6)	(0.6)
Net cash used in financing activities	(50.3)	(1,061.7)
Net change in cash	0.7	0.1
Cash at beginning of period	1.3	0.1
Cash at end of period	$2.0	$0.2
Supplemental schedule of non-cash investing and financing activities		
Net change to property, plant and equipment through accounts payable and accrued expenses	$(6.9)	$(11.9)

See accompanying notes.

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

Note 1 – Organization and Business Description

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 2016 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 27, 2017. The financial information as of June 30, 2017, and for the three and six months ended June 30, 2017 and 2016, is unaudited. The consolidated balance sheets as of December 31, 2016, were derived from the audited balance sheets filed in our 2016 Annual Report on Form 10-K.

Organization

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 and 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. 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

There were no material changes in our significant accounting policies from those described in our 2016 Annual Report on Form 10-K. Below is an update of our accounting policies related to Goodwill and Unit-Based Compensation, and a description of Crestwood Equity's 2017 Long Term Incentive Plan.

Goodwill. The goodwill impairments recorded during the first quarter of 2016 primarily resulted from increasing the discount rates utilized in determining the fair value of the reporting units considering the significant, sustained decrease in the market price of our common units and the continued decrease in commodity prices and its impact on the midstream industry and our customers during that period. We utilized the income approach to determine the fair value of our reporting units given the limited availability of comparable market-based transactions as of March 31, 2016, and we utilized discount rates ranging from 10% to 19% in applying the income approach to determine the fair value of our reporting units with goodwill as of March 31, 2016.

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The following table summarizes goodwill impairments of certain of our reporting units recorded during the six months ended June 30, 2016 (in millions):

Gathering and Processing	
Marcellus	$8.6
Storage and Transportation	
COLT	13.7
Marketing, Supply and Logistics	
Supply and Logistics	65.5
Storage and Terminals	14.1
Trucking	7.8
Total	$109.7

Unit-Based Compensation. Effective January 1, 2017, we adopted the provisions of Accounting Standards Update (ASU) 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which simplifies several aspects of the accounting for share-based payment award transactions, including the classification of awards as either equity or liabilities and the presentation on the statement of cash flows. The adoption of this accounting standard did not have a material impact on our consolidated financial statements.

Crestwood Equity 2017 Long Term Incentive Plan. In February 2017, Crestwood Equity issued 381,704 performance units under the Crestwood Equity Partners LP Long Term Incentive Plan (Crestwood LTIP). The performance units are designed to provide an incentive for continuous employment to certain key employees. The vesting of performance units is subject to the attainment of certain performance and market goals over a three-year period, and entitle a participant to receive common units of Crestwood Equity without payment of an exercise price upon vesting. As of June 30, 2017, we had total unamortized compensation expense of approximately $7.8 million related to these performance units, which we expect will be amortized during the next three years. We recognized compensation expense of approximately $1.6 million and $2.0 million under the Crestwood LTIP related to these performance units during the three and six months ended June 30, 2017, which is included in general and administrative expenses on our consolidated statements of operations.

New Accounting Pronouncements Issued But Not Yet Adopted

As of June 30, 2017, the following accounting standards had not yet been adopted by us:

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance. We anticipate utilizing the modified retrospective method
to adopt the provisions of this standard effective January 1, 2018 and are currently applying the provisions of the standard to our aggregated listing of gathering and processing, storage and transportation, and marketing, supply and logistics revenue contracts that involve revenue generating activities that occur after January 1, 2018. We are also in the process of implementing appropriate changes to our processes, systems and controls to support the accounting and disclosure requirements of the new standard. We are currently evaluating the impact that this standard will have on our consolidated financial statements, especially on contractual arrangements that involve reimbursements of capital expenditures, tiered-rate structures, and non-cash consideration, including the presentation of the related revenues in our financial statements and related footnotes.

In February 2016, the FASB 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 expect to adopt the provisions of this standard effective January 1, 2019 and are currently evaluating the impact that this standard will have on our consolidated financial statements.

In August 2016, the FASB issued 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. We expect to adopt the provisions of this standard effective January 1, 2018 and are currently evaluating the impact that this standard may have on our consolidated financial statements.

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In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which changes the annual quantitative goodwill impairment test to eliminate the current two step method and replace it with a single test to determine if goodwill is impaired and the amount of any impairment. We are required to adopt the provisions of this standard by January 1, 2020 and are currently evaluating the impact that this standard may have on our consolidated financial statements.

Note 3 – Certain Balance Sheet Information

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following at June 30, 2017 and December 31, 2016 (in millions):

	CEQP		CMLP	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Accrued expenses	$39.0	$ 46.9	$38.1	$ 45.5
Accrued property taxes	6.6	4.2	6.6	4.2
Accrued natural gas purchases	0.2	4.9	0.2	4.9
Tax payable	0.3	1.2	—	—
Interest payable	21.6	22.8	21.6	22.8
Accrued additions to property, plant and equipment	9.0	1.7	9.0	1.7
Capital leases	1.1	1.3	1.1	1.3
Deferred revenue	6.7	7.5	6.7	7.5
Total accrued expenses and other liabilities	$84.5	$ 90.5	$83.3	$ 87.9

Note 4 - Investments in Unconsolidated Affiliates

Crestwood Permian Basin Holdings LLC

In October 2016, Crestwood Infrastructure, our wholly-owned subsidiary, and an affiliate of First Reserve formed a joint venture, Crestwood Permian Basin Holdings LLC (Crestwood Permian), to fund and own the Nautilus gathering system (described below) and other potential investments in the Delaware Permian. As part of this transaction, we transferred to the joint venture 100% of the equity interest of the Crestwood Permian Basin LLC (Crestwood Permian Basin), which owns the Nautilus gathering system. We manage and we account for our 50% ownership interest in Crestwood Permian, which is a VIE, 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.

Crestwood Permian has a long-term agreement with SWEPI LP (SWEPI), a subsidiary of Royal Dutch Shell plc, to construct, own and operate a natural gas gathering system in SWEPI's operated position in the Delaware Permian. SWEPI has dedicated to Crestwood Permian approximately 100,000 acres and gathering rights for SWEPI's gas production across a large acreage position in Loving, Reeves and Ward Counties, Texas. The Nautilus gathering system is designed to 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, providing gas gathering capacity of approximately 250 MMcf/d. The initial build-out of the Nautilus gathering system was completed on June 6, 2017 and includes 20 receipt point meters, 60 miles of pipeline, a 24-mile high pressure header system, 10,800 horsepower of compression and a high pressure delivery point. Crestwood Permian provides gathering, dehydration, compression and liquids handling services to SWEPI on a fixed fee basis. In conjunction with this growth project, we granted SWEPI an option to purchase up to a 50% equity interest in Crestwood Permian Basin, which owns the Nautilus gathering system. On August 1, 2017, SWEPI exercised their option to purchase a 50% equity interest in Crestwood Permian Basin.

Through June 30, 2017, First Reserve has contributed $37.5 million to the joint venture and we have contributed approximately $17.0 million to the joint venture to fund the early-stage build-out of the Nautilus gathering system. We will fund the next $20.5 million of capital requirements for the build-out, and then both parties will fund the remaining capital requirements on a

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pro rata basis. CEQP issued a guarantee in conjunction with the Crestwood Permian gas gathering agreement with SWEPI described above, 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) if Crestwood Permian fails to do so. We do not believe this guarantee is probable of resulting in future losses based on our 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 balance sheet at June 30, 2017 and December 31, 2016.

On June 21, 2017, we contributed to Crestwood Permian 100% of the equity interest of Crestwood New Mexico Pipeline LLC (Crestwood New Mexico), our wholly-owned subsidiary that owns our Delaware Basin assets located in Eddy County, New Mexico. This contribution was treated as a transaction between entities under common control (because of our relationship with First Reserve), and accordingly we deconsolidated Crestwood New Mexico and our investment in Crestwood Permian was increased by the historical book value of these assets of approximately $69.4 million. In conjunction with this contribution, First Reserve has agreed to contribute to Crestwood Permian the first $151 million of capital cost required to fund the expansion of the Delaware Basin assets, which includes a new processing plant located in Orla, Texas and associated pipelines (Orla processing plant).

Pursuant to Crestwood Permian's limited liability company agreement, we will receive 100% of Crestwood New Mexico's available cash (as defined in the limited liability company agreement) until the earlier of the Orla processing plant in-service date or June 30, 2018, at which time the distributions will be based on the members respective ownership percentages. Because our ownership and distribution percentages will differ during this period, equity earnings from Crestwood Permian is determined using the Hypothetical Liquidation at Book Value (HLBV) method. Under the HLBV method, a calculation is prepared at each balance sheet date to determine the amount that we would receive if Crestwood Permian were to liquidate all of its assets, as valued in accordance with GAAP, and distribute that cash to the members. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period, after adjusting for capital contributions and distributions, is our share of the earnings or losses from the equity investment for the period, which approximates how earnings are allocated under the terms of the limited liability company agreement.

Stagecoach Gas Services LLC. In June 2016, we contributed to Stagecoach Gas Services LLC (Stagecoach Gas) the entities owning the Northeast storage and transportation assets, Con Edison Gas Pipeline Storage Northeast, LLC (CEGP), a wholly-owned subsidiary of Consolidated Edison, Inc., contributed $945 million to Stagecoach Gas in exchange for a 50% equity interest in Stagecoach Gas, and Stagecoach Gas distributed to us the cash proceeds received (net of approximately $3 million of cash transferred to the joint venture) from CEGP. We deconsolidated the Northeast storage and transportation assets as a result of this transaction and began accounting for our 50% equity interest in Stagecoach under the equity method of accounting. We recognized a loss on the deconsolidation of the Northeast storage and transportation assets of approximately $32.9 million.

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Net Investments and Earnings

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

	Investment		Earnings (Loss) from Unconsolidated Affiliates			
	June 30,	December 31,	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016	2017	2016
Stagecoach Gas Services LLC(1)	$859.9	$871.0	$6.6	$2.3	$12.6	$2.3
Jackalope Gas Gathering Services, L.L.C.(2)	190.4	197.2	2.2	5.9	4.0	11.0
Tres Palacios Holdings LLC(3)	37.5	39.0	0.7	(2.3)	1.2	(1.5)
Powder River Basin Industrial Complex, LLC(4)	8.6	8.7	0.5	0.3	0.5	0.9
Crestwood Permian Basin Holdings LLC(5)	85.3	(0.5)	(0.4)	—	(0.6)	—
Total	$1,181.7	$1,115.4	$9.6	$6.2	$17.7	$12.7

(1) As of June 30, 2017, 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 subject to amortization. Our Stagecoach Gas investment is included in our storage and transportation segment.

(2) As of June 30, 2017, our equity in the underlying net assets of Jackalope Gas Gathering Services, L.L.C. (Jackalope) exceeded our investment balance by approximately $0.8 million. We amortize this amount over 20 years, which represents the life of Jackalope’s gathering agreement with 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.

(3) As of June 30, 2017, our equity in the underlying net assets of Tres Palacios Holdings LLC (Tres Holdings) exceeded our investment balance by approximately $27.2 million. We amortize this amount over the life of the Tres Palacios Gas Storage LLC (Tres Palacios) 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.

(4) As of June 30, 2017, our equity in the underlying net assets of Powder River Basin Industrial Complex, LLC (PRBIC) exceeded our investment balance by approximately $6.7 million. We amortize a portion of 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. During 2015, we recorded an impairment of our PRBIC equity investment as further discussed in our 2016 Annual Report on Form 10-K. For the year ended December 31, 2016, PRBIC recorded a $41.3 million impairment of its goodwill and long-lived assets and as a result, we adjusted our excess basis in PRBIC by approximately $8.3 million to reflect our proportionate share of the fair value of PRBIC's net assets. Our PRBIC investment is included in our storage and transportation segment.

(5) As of June 30, 2017, our equity in the underlying net assets of Crestwood Permian exceeded our investment balance by approximately $23.9 million, which is entirely attributable to goodwill and, as such, is not subject to amortization. Our Crestwood Permian investment is included in our gathering and processing segment.

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):

	Three Months Ended June 30,					
	2017			2016		
	Operating Revenues	Operating Expenses	Net Income	Operating Revenues	Operating Expenses	Net Income
Stagecoach Gas	$42.0	$ 18.6	$ 23.5	$13.2	$ 5.7	$ 7.5
Other[1]	26.4	21.1	5.2	29.8	23.3	6.4
Total	$68.4	$ 39.7	$ 28.7	$43.0	$ 29.0	$ 13.9

(1) Includes our Jackalope, Tres Holdings, PRBIC and Crestwood Permian 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 three months ended June 30, 2017 and 2016. We recorded amortization of the excess basis in our Tres Holdings equity investment of approximately $0.3 million for both the three months ended June 30, 2017 and 2016. We recorded amortization of the excess basis in our PRBIC equity investment of approximately $0.1 million and $0.4 million for the three months ended June 30, 2017 and 2016.

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	Six Months Ended June 30,					
	2017			2016		
	Operating Revenues	Operating Expenses	Net Income	Operating Revenues	Operating Expenses	Net Income
Stagecoach Gas	$84.0	$ 38.0	$ 46.1	$13.2	$ 5.7	$ 7.5
Other[(1)]	46.3	37.3	8.9	60.2	42.2	17.9
Total	$130.3	$ 75.3	$ 55.0	$73.4	$ 47.9	$ 25.4

(1) Includes our Jackalope, Tres Holdings, PRBIC and Crestwood Permian 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 six months ended June 30, 2017 and 2016. We recorded amortization of the excess basis in our Tres Holdings equity investment of approximately $0.6 million for both the six months ended June 30, 2017 and 2016. We recorded amortization of the excess basis in our PRBIC equity investment of approximately $0.3 million and $0.8 million for the six months ended June 30, 2017 and 2016.

Distributions and Contributions

	Distributions Six Months Ended June 30,		Contributions Six Months Ended June 30,	
	2017	2016	2017	2016
Stagecoach Gas[(1)]	$23.7	$—	$—	$—
Jackalope	12.3	12.1	1.5	—
Tres Holdings[(1)]	2.7	4.1	—	5.5
PRBIC	0.6	1.2	—	—
Crestwood Permian[(2)]	—	—	86.4	—
Total	$39.3	$17.4	$ 87.9	$ 5.5

(1) In July 2017, we received a cash distribution from Stagecoach Gas and Tres Holdings of approximately $12.0 million and $3.1 million, respectively.

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

Note 5 – 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 6.

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. During the three and six months ended June 30, 2017, the impact to our consolidated statements of operations related to our commodity-based derivatives reflected in costs of product/services sold was a gain of $6.9 million and $1.5 million. During the three and six months ended June 30, 2016, the impact to the statement of operations related to our commodity-based derivatives reflected in costs of product/services sold was a gain of $1.3 million and $2.0 million. 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.

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Commodity Price and Credit Risk

Notional Amounts and Terms

The notional amounts and terms of our derivative financial instruments include the following at June 30, 2017 and December 31, 2016:

	June 30, 2017		December 31, 2016	
	Fixed Price Payor	Fixed Price Receiver	Fixed Price Payor	Fixed Price Receiver
Propane, crude and heating oil (MMBbls)	14.8	16.8	13.1	15.1
Natural gas (MMBTU's)	0.2	—	—	—

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, 85% of the contracted volumes will be delivered or settled within 12 months.

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 primarily 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 June 30, 2017 and December 31, 2016 was $4.9 million and $13.9 million. At June 30, 2017 and December 31, 2016, we posted less than $0.1 million of collateral for our commodity derivative instruments with credit-risk-related contingent features. In addition, at June 30, 2017 and December 31, 2016, we had a New York Mercantile Exchange (NYMEX) related net derivative asset position of $5.7 million and $14.3 million, for which we posted $3.6 million and $4.2 million of cash collateral in the normal course of business. At June 30, 2017 and December 31, 2016, we also received collateral of $4.3 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 6 – 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

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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 June 30, 2017 and December 31, 2016, the carrying amounts of cash, accounts receivable and accounts payable approximate fair value based on the short-term nature of these instruments.

Credit Facility

The fair value of the amounts outstanding under our CMLP credit facility approximates the carrying amounts as of June 30, 2017 and December 31, 2016, 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 value (reduced for deferred financing costs associated with the respective notes) and fair value of our senior notes (in millions):

	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2020 Senior Notes	$—	$—	$340.6	$350.2
2022 Senior Notes	$—	$—	$429.3	$447.3
2023 Senior Notes	$691.3	$717.5	$690.6	$722.6
2025 Senior Notes	$491.8	$498.8	$—	$—

Financial Assets and Liabilities

As of June 30, 2017 and December 31, 2016, 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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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 June 30, 2017 and December 31, 2016 (in millions):

	June 30, 2017 Fair Value of Derivatives						
	Level 1	Level 2	Level 3	Gross Fair Value	Contract Netting(1)	Collateral/Margin Received or Paid	Recorded in Balance Sheet
Assets							
Assets from price risk management	$0.7	$ 41.7	$ —	$ 42.4	$ (30.2)	$ 0.6	$ 12.8
Suburban Propane Partners, L.P. units(2)	3.4	—	—	3.4	—	—	3.4
Total assets at fair value	$4.1	$ 41.7	$ —	$ 45.8	$ (30.2)	$ 0.6	$ 16.2
Liabilities							
Liabilities from price risk management	$0.3	$ 36.6	$ —	$ 36.9	$ (30.2)	$ 1.3	$ 8.0
Total liabilities at fair value	$0.3	$ 36.6	$ —	$ 36.9	$ (30.2)	$ 1.3	$ 8.0

	December 31, 2016 Fair Value of Derivatives						
	Level 1	Level 2	Level 3	Gross Fair Value	Contract Netting(1)	Collateral/Margin Received or Paid	Recorded in Balance Sheet
Assets							
Assets from price risk management	$0.6	$ 84.4	$ —	$ 85.0	$ (67.8)	$ (10.9)	$ 6.3
Suburban Propane Partners, L.P. units(2)	4.3	—	—	4.3	—	—	4.3
Total assets at fair value	$4.9	$ 84.4	$ —	$ 89.3	$ (67.8)	$ (10.9)	$ 10.6
Liabilities							
Liabilities from price risk management	$2.7	$ 90.2	$ —	$ 92.9	$ (67.8)	$ 3.5	$ 28.6
Total liabilities at fair value	$2.7	$ 90.2	$ —	$ 92.9	$ (67.8)	$ 3.5	$ 28.6

(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.

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Note 7 – Long-Term Debt

Long-term debt consisted of the following at June 30, 2017 and December 31, 2016 (in millions):

	June 30, 2017	December 31, 2016
Credit Facility	$443.0	$ 77.0
2020 Senior Notes	—	338.8
Fair value adjustment of 2020 Senior Notes	—	1.8
2022 Senior Notes	—	436.4
2023 Senior Notes	700.0	700.0
2025 Senior Notes	500.0	—
Other	3.0	3.7
Less: deferred financing costs, net	32.0	34.0
Total debt	1,614.0	1,523.7
Less: current portion	1.0	1.0
Total long-term debt, less current portion	$1,613.0	$ 1,522.7

Credit Facility

At June 30, 2017, Crestwood Midstream had $631.3 million of available capacity under its credit facility considering the most restrictive debt covenants in its credit agreement. At June 30, 2017 and December 31, 2016, Crestwood Midstream's outstanding standby letters of credit were $68.6 million and $64.0 million. Borrowings under the CMLP credit facility accrue interest at prime or Eurodollar based rates plus applicable spreads, which resulted in interest rates between 3.34% and 5.50% at June 30, 2017 and 3.21% and 5.25% at December 31, 2016. The weighted-average interest rate as of June 30, 2017 and December 31, 2016 was 3.48% and 3.23%.

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 June 30, 2017, the net debt to consolidated EBITDA was approximately 3.98 to 1.0, the consolidated EBITDA to consolidated interest expense was approximately 4.16 to 1.0, and the senior secured leverage ratio was 1.07 to 1.0.

The CMLP credit facility allows Crestwood Midstream to increase its available borrowings under the facility by $350.0 million, subject to lender approval and the satisfaction of certain other conditions, as described in the CMLP credit agreement.

Senior Notes

Repayments. During the six months ended June 30, 2017, Crestwood Midstream paid approximately $457.8 million to purchase, redeem and/or cancel all of the principal amount outstanding under the 2022 Senior Notes and approximately $349.9 million to redeem all of the principal amount outstanding under the 2020 Senior Notes. Crestwood Midstream funded the repayments with a combination of net proceeds from the issuance of the 2025 Senior Notes described below and borrowings under the CMLP credit facility. In conjunction with these note repayments, Crestwood Midstream (i) recognized a loss on extinguishment of debt of approximately $0.4 million and $37.7 million during the three and six months ended June 30, 2017 (including the write off of approximately $6.8 million of deferred financing costs associated with the 2022 Senior Notes); and (ii) paid $5.1 million and $1.0 million of accrued interest on the 2020 Senior Notes and 2022 Senior Notes, respectively, on the date they were tendered.

In June 2016, Crestwood Midstream paid approximately $312.9 million to purchase and cancel approximately $161.2 million and $163.6 million of the principal amounts outstanding under its 2020 Senior Notes and 2022 Senior Notes, respectively, utilizing a portion of the proceeds received from Stagecoach Gas, as further discussed in Note 4. Crestwood Midstream recognized a gain on extinguishment of debt of approximately $10 million in conjunction with the early tender of these notes.

2025 Senior Notes. In March 2017, Crestwood Midstream issued $500 million of 5.75% unsecured senior notes due 2025 (the 2025 Senior Notes) in a private offering. 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

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of approximately $492 million were used to repay amounts outstanding under the 2020 Senior Notes and the 2022 Senior Notes.

In May 2017, Crestwood Midstream filed a registration statement with the SEC under which it offered to exchange new senior notes for any and all outstanding 2025 Senior Notes. Crestwood Midstream completed the exchange offer in July 2017. The terms of the exchange notes are substantially identical to the terms of the 2025 Senior Notes, except that the exchange notes are freely tradable.

At June 30, 2017, Crestwood Midstream was in compliance with all of its debt covenants applicable to the CMLP credit facility and its senior notes.

Note 8 - Earnings Per Limited Partner Unit

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. During the three and six months ended June 30, 2017, we excluded a weighted-average of 6,964,663 and 6,887,247 common units (representing preferred units), a weighted-average of 8,228,378 common units in both periods (representing Crestwood Niobrara's preferred units), and a weighted-average of 438,789 common units in both periods (representing subordinated units). During the three and six months ended June 30, 2016, we excluded a weighted-average of 6,355,936 and 6,284,885 common units (representing preferred units), and a weighted-average of 8,438,849 common units in both periods (representing Crestwood Niobrara's preferred units) and a weighted-average of 438,789 common units in both periods (representing subordinated units). See Note 9 for additional information regarding the potential conversion of our preferred units and Crestwood Niobrara's preferred units to common units.

Note 9 – 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.

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Distributions

Crestwood Equity

Limited Partners. A summary of CEQP's limited partner quarterly cash distributions for the six months ended June 30, 2017 and 2016 is presented below:

Record Date	Payment Date	Per Unit Rate	Cash Distributions (in millions)
2017			
February 7, 2017	February 14, 2017	$0.60	$ 41.8
May 8, 2017	May 15, 2017	0.60	41.8
			$ 83.6
2016			
February 5, 2016	February 12, 2016	$1.375	$ 95.6
May 6, 2016	May 13, 2016	0.60	41.4
			$ 137.0

On July 20, 2017, we declared a distribution of $0.60 per limited partner unit to be paid on August 14, 2017, to unitholders of record on August 7, 2017 with respect to the second quarter of 2017.

Preferred Unit Holders. We are required to make quarterly distributions to our preferred unitholders. During the six months ended June 30, 2017 and 2016, we issued 3,113,215 and 2,841,114 Preferred Units to our preferred unitholders in lieu of paying cash distributions of $28.4 million and $25.9 million, respectively. On July 20, 2017, the board of directors of our general partner authorized the issuance of 1,610,815 Preferred Units to our preferred unit holders for the quarter ended June 30, 2017 in lieu of paying a cash distribution of $14.7 million.

Crestwood Midstream

During the six months ended June 30, 2017 and 2016, Crestwood Midstream paid cash distributions of $86.9 million and $140.6 million to Crestwood Equity.

Non-Controlling Partners

Crestwood Niobrara issued a preferred interest 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. During the three and six months ended June 30, 2017, net income attributable to non-controlling partners was approximately $6.3 million and $12.4 million. During the three and six months ended 2016, net income attributable to non-controlling partners was approximately $6.0 million and $11.9 million. During both the six months ended June 30, 2017 and 2016, Crestwood Niobrara paid cash distributions of $7.6 million to GE. In July 2017, Crestwood Niobrara paid a cash distribution of $3.8 million to GE for the quarter ended June 30, 2017.

Note 10 – Commitments and Contingencies

Legal Proceedings

Simplification Merger Lawsuits. On May 20, 2015, Lawrence G. Farber, a purported unitholder of Crestwood Midstream, filed a complaint in the United States District Court for the Southern District of Texas, Houston Division, as a putative class action on behalf of Crestwood Midstream's unitholders, entitled Lawrence G. Farber, individually and on behalf of all others similarly situated v. Crestwood Midstream Partners LP, Crestwood Midstream GP LLC, Robert G. Phillips, Alvin Bledsoe, Michael G. France, Philip D. Gettig, Warren H. Gfellar, David Lumpkins, John J. Sherman, David Wood, Crestwood Equity Partners LP, Crestwood Equity GP LLC, CEQP ST Sub LLC, MGP GP, LLC, Crestwood Midstream Holdings LP, and Crestwood Gas Services GP LLC. This complaint alleges, among other things, that Crestwood Midstream's general partner breached its fiduciary duties, certain individual defendants breached their fiduciary duties of loyalty and due care, and that other defendants aided and abetted such breaches.

On July 21, 2015, Isaac Aron, another purported unitholder of Crestwood Midstream, filed a complaint in the United States District Court for the Southern District of Texas, Houston Division, as a putative class action on behalf of Crestwood Midstream's unitholders, entitled Isaac Aron, individually and on behalf of all others similarly situated vs. Robert G. Phillps, Alvin Bledsoe, Michael G. France, Philip D. Getting, Warren H. Gfeller, David Lumpkins, John J. Sherman, David Wood, Crestwood Midstream Partners, LP Crestwood Midstream Holdings LP, Crestwood Midstream GP LLC, Crestwood Gas Services GP, LLC, Crestwood Equity Partners LP, Crestwood Equity GP LLC, CEQP ST Sub LLC and MGP GP, LLC. The complaint alleges, among other things, that Crestwood Midstream's general partner and certain individual defendants violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and Rule 14a-9 by filing an alleged incomplete and misleading Form S-4 Registration Statement with the SEC.

On August 12, 2015, the defendants filed a motion to consolidate the Farber and Aron cases, which the court granted on September 4, 2015. Farber subsequently dismissed his claims against all the defendants on September 16, 2015. Aron filed a motion for temporary restraining order and requested an expedited preliminary injunction hearing, which had been scheduled for September 23, 2015. On September 22, 2015, however, the parties entered into a memorandum of understanding (MOU) with respect to a proposed settlement of the Aron lawsuit. The settlement contemplated by the MOU is subject to a number of conditions, including notice to the class, limited confirmatory discovery and final court approval of the settlement. In October 2016, the court approved the settlement. On November 7, 2016, a unitholder filed an appeal of the settlement and a hearing was held on June 5, 2017, at which the court denied the appeal and finalized the settlement. The settlement did not have a material impact to our consolidated financial statements.

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 June 30, 2017 and December 31, 2016, both CEQP and CMLP had less than $0.1 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, and thereafter contained and cleaned up the releases completely 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.

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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 largest of 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. The Order does not preclude the EPA from seeking to impose fines and penalties as a result of the water releases.

On March 3, 2015, we received a grand jury subpoena from the United States Attorney’s Office in Bismarck, North Dakota, seeking documents and information relating to the largest of the three 2014 water releases. We provided the requested information during the second quarter of 2015 and provided key employees to be interviewed by the United States’ Attorney in December 2015. We have not received any further requests for additional information or interviews and it is unclear whether the government will continue to pursue this matter. 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 ongoing settlement discussions with the regulatory agencies asserting jurisdiction over the 2014 produced water releases.

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 June 30, 2017.

At June 30, 2017 and December 31, 2016, our accrual of approximately $2.4 million and $2.1 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. We estimate that our potential liability for reasonably possible outcomes related to our environmental exposures (including the Arrow water releases described above) could range from approximately $2.4 million to $3.5 million at June 30, 2017.

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 June 30, 2017 and December 31, 2016, CEQP's self-insurance reserves were $15.5 million and $15.6 million. We estimate that $10.6 million of this balance will be paid subsequent to June 30, 2018. As such, CEQP has classified $10.6 million in other long-term liabilities on its consolidated balance sheet at June 30, 2017. At June 30, 2017 and December 31, 2016, CMLP's self insurance reserves were $12.5 million and $12.2 million. CMLP estimates that $8.0 million of this balance will be paid subsequent to June 30, 2018. As such, CMLP has classified $8.0 million in other long-term liabilities on its consolidated balance sheet at June 30, 2017.

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 4, and for a further description of our guarantees associated with our assets or businesses we have sold, see our 2016 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 June 30, 2017 and December 31, 2016, we have no amounts accrued for these guarantees.

Note 11 – 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, including Sabine Oil and Gas LLC (Sabine) and Mountaineer Keystone LLC. CEQP and CMLP enter into transactions with their affiliates within the ordinary course of business, including gas gathering and processing services under long-term contracts, product purchases and various operating agreements.

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The following table shows transactions with our affiliates which are reflected in our consolidated statements of operations for the three and six months ended June 30, 2017 and 2016 (in millions):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Gathering and processing revenues at CEQP and CMLP	$0.4	$0.7	$0.9	$1.4
Gathering and processing costs of product/services sold at CEQP and CMLP(1)	$4.0	$4.4	$8.1	$8.7
Operations and maintenance expenses at CEQP and CMLP(2)	$5.0	$1.0	$9.8	$1.7
General and administrative expenses charged by CEQP to CMLP, net(3)	$4.9	$3.2	$10.4	$6.9
General and administrative expenses at CEQP charged to (from) Crestwood Holdings, net(4)	$0.6	$(0.2)	$(0.2)	$(0.1)

(1) Represents natural gas purchases from Sabine.

(2) 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. During the three and six months ended June 30, 2017, we charged $1.9 million and $4.5 million to Stagecoach Gas, $0.9 million and $1.8 million to Tres Palacios, $2.1 million and $3.3 million to Crestwood Permian and $0.1 million and $0.2 million to Jackalope. During the three and six months ended June 30, 2016, we charged $0.7 million and $1.4 million to Tres Palacios and $0.3 million to Stagecoach Gas in both periods .

(3) Includes $5.6 million and $11.9 million of net unit-based compensation charges allocated from CEQP to CMLP for the three and six months ended June 30, 2017 and $3.9 million and $8.4 million for the three and six months ended June 30, 2016. In addition, CMLP shares common management, general and administrative and overhead costs with CEQP. During the three and six months ended June 30, 2017, CMLP allocated $0.7 million and $1.5 million of general and administrative costs to CEQP and $0.7 million and $1.5 million for the three and six months ended June 30, 2016.

(4) Includes less than $0.1 million and $0.8 million unit-based compensation charges allocated from Crestwood Holdings to CEQP and CMLP during the three and six months ended June 30, 2017 and $0.9 million during both the three and six months ended June 30, 2016.

The following table shows accounts receivable and accounts payable from our affiliates as of June 30, 2017 and December 31, 2016 (in millions):

	June 30, 2017	December 31, 2016
Accounts receivable at CEQP and CMLP	$ 7.6	$ 5.6
Accounts payable at CEQP	$ 4.8	$ 2.5
Accounts payable at CMLP	$ 2.3	$ —

Note 12 – 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 gain (loss) on modification/extinguishment of debt) and depreciation, amortization and accretion expense.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income (loss)	$0.3	$(37.1)	$(19.1)	$(130.8)
Add:				
Interest and debt expense, net	24.1	34.3	50.6	70.4
(Gain) loss on modification/extinguishment of debt	0.4	(10.0)	37.7	(10.0)
Benefit for income taxes	—	—	(0.1)	—
Depreciation, amortization and accretion	48.7	64.4	97.1	126.7
EBITDA	$73.5	$51.6	$166.2	$56.3

The following tables summarize CEQP's reportable segment data for the three and six months ended June 30, 2017 and 2016 (in millions). Intersegment revenues included in the following tables are accounted for as arms-length transactions that apply our revenue recognition policies described in our 2016 Annual Report on Form 10-K. Included in earnings from unconsolidated affiliates, net below was approximately $8.2 million and $4.4 million of depreciation and amortization expense and gains (losses) on long-lived assets, net related to our equity investments for the three months ended June 30, 2017 and 2016 and $15.7 million and $7.0 million for the six months ended June 30, 2017 and 2016.

	Three Months Ended June 30, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$405.1	$ 8.5	$ 436.7	$ —	$850.3
Intersegment revenues	34.1	1.7	(35.8)	—	—
Costs of product/services sold	354.7	0.1	374.8	—	729.6
Operations and maintenance expense	18.2	1.3	14.7	—	34.2
General and administrative expense	—	—	—	22.7	22.7
Earnings from unconsolidated affiliates, net	1.8	7.8	—	—	9.6
Other income, net	—	—	—	0.1	0.1
EBITDA	$68.1	$ 16.6	$ 11.4	$ (22.6)	$73.5
Goodwill	$45.9	$ —	$ 153.1	$ —	$199.0
Total assets	$2,403.3	$ 1,064.0	$ 938.1	$ 27.2	$4,432.6

	Three Months Ended June 30, 2016				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$269.5	$ 53.8	$ 278.6	$ —	$601.9
Intersegment revenues	30.6	1.1	(31.7)	—	—
Costs of product/services sold	226.3	1.9	221.8	—	450.0
Operations and maintenance expense	20.9	8.5	15.6	—	45.0
General and administrative expense	—	—	—	28.9	28.9
Loss on long-lived assets	—	(32.7)	—	—	(32.7)
Earnings from unconsolidated affiliates, net	5.9	0.3	—	—	6.2
Other income, net	—	—	—	0.1	0.1

EBITDA	$58.8	$ 12.1	$ 9.5	$ (28.8)	$51.6

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	Six Months Ended June 30, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$773.7	$ 18.5	$ 886.2	$ —	$1,678.4
Intersegment revenues	64.4	3.5	(67.9)	—	—
Costs of product/services sold	671.3	0.1	741.7	—	1,413.1
Operations and maintenance expense	35.6	2.4	29.9	—	67.9
General and administrative expense	—	—	—	49.1	49.1
Earnings from unconsolidated affiliates, net	3.4	14.3	—	—	17.7
Other income, net	—	—	—	0.2	0.2
EBITDA	$134.6	$ 33.8	$ 46.7	$ (48.9)	$166.2
Goodwill	$45.9	$ —	$ 153.1	$ —	$199.0
Total assets	$2,403.3	$ 1,064.0	$ 938.1	$ 27.2	$4,432.6

	Six Months Ended June 30, 2016				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$508.4	$ 113.2	$ 516.3	$ —	$1,137.9
Intersegment revenues	51.1	1.5	(52.6)	—	—
Costs of product/services sold	406.1	4.8	402.5	—	813.4
Operations and maintenance expense	38.7	15.7	32.4	—	86.8
General and administrative expense	—	—	—	51.9	51.9
Goodwill impairment	(8.6)	(13.7)	(87.4)	—	(109.7)
Loss on long-lived assets	—	(32.7)	—	—	(32.7)
Earnings from unconsolidated affiliates, net	11.0	1.7	—	—	12.7
Other income, net	—	—	—	0.2	0.2
EBITDA	$117.1	$ 49.5	$ (58.6)	$ (51.7)	$56.3

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net loss	$(1.9)	$(35.6)	$(23.3)	$(130.9)
Add:				
Interest and debt expense, net	24.1	34.3	50.6	70.4
(Gain) loss on modification/extinguishment of debt	0.4	(10.0)	37.7	(10.0)
Provision (benefit) for income taxes	—	0.2	(0.1)	—
Depreciation, amortization and accretion	51.4	67.1	102.6	132.0
EBITDA	$74.0	$56.0	$167.5	$61.5

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The following tables summarize CMLP's reportable segment data for the three and six months ended June 30, 2017 and 2016 (in millions). Intersegment revenues included in the following tables are accounted for as arms-length transactions that apply our revenue recognition policies described in our 2016 Annual Report on Form 10-K. Included in earnings from unconsolidated affiliates, net below was approximately $8.2 million and $4.4 million of depreciation and amortization expense and gains (losses) on long-lived assets, net related to our equity investments for the three months ended June 30, 2017 and 2016 and $15.7 million and $7.0 million for the six months ended 2017 and 2016.

	Three Months Ended June 30, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$405.1	$ 8.5	$ 436.7	$ —	$850.3
Intersegment revenues	34.1	1.7	(35.8)	—	—
Costs of product/services sold	354.7	0.1	374.8	—	729.6
Operations and maintenance expense	18.2	1.3	14.7	—	34.2
General and administrative expense	—	—	—	22.1	22.1
Earnings from unconsolidated affiliates, net	1.8	7.8	—	—	9.6
EBITDA	$68.1	$ 16.6	$ 11.4	$ (22.1)	$74.0
Goodwill	$45.9	$ —	$ 153.1	$ —	$199.0
Total assets	$2,598.3	$ 1,064.0	$ 938.1	$ 19.2	$4,619.6

	Three Months Ended June 30, 2016				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$269.5	$ 53.8	$ 278.6	$ —	$601.9
Intersegment revenues	30.6	1.1	(31.7)	—	—
Costs of product/services sold	226.3	1.9	221.8	—	450.0
Operations and maintenance expense	20.9	4.9	15.6	—	41.4
General and administrative expense	—	—	—	28.0	28.0
Loss on long-lived assets	—	(32.7)	—	—	(32.7)
Earnings from unconsolidated affiliates, net	5.9	0.3	—	—	6.2
EBITDA	$58.8	$ 15.7	$ 9.5	$ (28.0)	$56.0

	Six Months Ended June 30, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$773.7	$ 18.5	$ 886.2	$ —	$1,678.4
Intersegment revenues	64.4	3.5	(67.9)	—	—
Costs of product/services sold	671.3	0.1	741.7	—	1,413.1
Operations and maintenance expense	35.6	2.4	29.9	—	67.9
General and administrative expense	—	—	—	47.6	47.6
Earnings from unconsolidated affiliates, net	3.4	14.3	—	—	17.7
EBITDA	$134.6	$ 33.8	$ 46.7	$ (47.6)	$167.5
Goodwill	$45.9	$ —	$ 153.1	$ —	$199.0
Total assets	$2,598.3	$ 1,064.0	$ 938.1	$ 19.2	$4,619.6

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	Six Months Ended June 30, 2016				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$508.4	$ 113.2	$ 516.3	$ —	$1,137.9
Intersegment revenues	51.1	1.5	(52.6)	—	—
Costs of product/services sold	406.1	4.8	402.5	—	813.4
Operations and maintenance expense	38.7	12.0	32.4	—	83.1
General and administrative expense	—	—	—	50.2	50.2
Goodwill impairment	(8.6)	(13.7)	(87.4)	—	(109.7)
Loss on long-lived assets	—	(32.7)	—	—	(32.7)
Earnings from unconsolidated affiliates, net	11.0	1.7	—	—	12.7
EBITDA	$117.1	$ 53.2	$ (58.6)	$ (50.2)	$61.5

Note 13 – 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 Holdings LLC, 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 its 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 June 30, 2017 and December 31, 2016, and for the three and six months ended June 30, 2017 and 2016. 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.

The condensed consolidating financial statements for the three and six months ended June 30, 2016 include reclassifications that were made to conform to the current year presentation, none of which impacted previously reported net income (loss) or partners’ capital. In particular, the condensed consolidating statement of operations was modified to consider the impact of net income (loss) attributable to non-controlling partners in subsidiaries in arriving at equity in net income (loss) of subsidiaries in the parent and eliminations columns of those statements.

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Crestwood Midstream Partners LP
Condensed Consolidating Balance Sheet
June 30, 2017
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash	$2.0	$ —	$ —	$ —	$ 2.0
Accounts receivable	—	288.2	2.1	—	290.3
Inventory	—	63.1	—	—	63.1
Other current assets	—	19.8	—	—	19.8
Total current assets	2.0	371.1	2.1	—	375.2
Property, plant and equipment, net	—	2,234.0	—	—	2,234.0
Goodwill and intangible assets, net	—	826.6	—	—	826.6
Investment in consolidated affiliates	4,069.0	—	—	(4,069.0)	—
Investment in unconsolidated affiliates	—	—	1,181.7	—	1,181.7
Other assets	—	2.1	—	—	2.1
Total assets	$4,071.0	$ 3,433.8	$ 1,183.8	$ (4,069.0)	$ 4,619.6
Liabilities and partners' capital					
Current liabilities:					
Accounts payable	$—	$ 234.8	$		