

Crestwood Equity Partners LP
Form 10-Q
August 07, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

COMMISSION FILE NUMBER: 001-34664

Crestwood Equity Partners LP
(Exact name of registrant as specified in its charter)

Delaware 43-1918951
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

700 Louisiana Street, Suite 2550 77002
Houston, Texas (Zip code)
(Address of principal executive offices)
(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.

Yes No

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). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 3, 2015, the registrant had 187,278,781 common units outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements of Crestwood Equity Partners LP

CRESTWOOD EQUITY PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(in millions, except unit information)

	June 30, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash	\$1.3	\$8.8
Accounts receivable	302.9	379.6
Inventory	38.8	46.6
Assets from price risk management activities	31.8	79.8
Prepaid expenses and other current assets	26.4	23.3
Total current assets	401.2	538.1
Property, plant and equipment (Note 4)	4,314.4	4,273.9
Less: accumulated depreciation and depletion	461.4	380.1
Property, plant and equipment, net	3,853.0	3,893.8
Intangible assets (Note 4)	1,441.0	1,441.9
Less: accumulated amortization	260.3	210.6
Intangible assets, net	1,180.7	1,231.3
Goodwill	2,210.8	2,491.8
Investment in unconsolidated affiliates (Note 5)	324.2	295.1
Other assets	9.8	11.3
Total assets	\$7,979.7	\$8,461.4
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	\$178.1	\$241.2
Accrued expenses and other liabilities (Note 4)	108.9	154.6
Liabilities from price risk management activities	5.8	25.4
Current portion of long-term debt (Note 8)	12.3	3.7
Total current liabilities	305.1	424.9
Long-term debt, less current portion (Note 8)	2,507.1	2,392.8
Other long-term liabilities	46.9	47.2
Deferred income taxes	10.4	12.0
Commitments and contingencies (Note 12)		
Partners' capital (Note 10):		
Crestwood Equity Partners LP partners' capital (187,252,262 and 186,403,667 common units issued and outstanding at June 30, 2015 and December 31, 2014)	692.6	776.2

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Interest of non-controlling partners in subsidiaries	4,417.6	4,808.3
Total partners' capital	5,110.2	5,584.5
Total liabilities and partners' capital	\$7,979.7	\$8,461.4

See accompanying notes.

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CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except unit and per unit data)

(unaudited)

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2015	2014	2015	2014	
Revenues:					
Gathering and processing	\$73.3	\$82.7	\$150.6	\$161.3	
Storage and transportation	44.0	47.8	89.7	98.8	
NGL and crude services	523.1	795.1	1,130.6	1,636.2	
Related party (Note 13)	1.1	0.7	2.1	1.6	
	641.5	926.3	1,373.0	1,897.9	
Costs of product/services sold:					
Gathering and processing	5.6	7.8	10.0	15.5	
Storage and transportation	3.4	7.2	6.7	14.0	
NGL and crude services	442.8	722.8	956.5	1,483.3	
Related party (Note 13)	7.7	9.8	16.0	20.8	
	459.5	747.6	989.2	1,533.6	
Expenses:					
Operations and maintenance	43.9	48.7	94.5	92.8	
General and administrative	30.6	24.1	58.1	52.0	
Depreciation, amortization and accretion	74.8	71.2	149.0	137.5	
	149.3	144.0	301.6	282.3	
Other operating income (expense):					
Gain (loss) on long-lived assets, net	(0.6	) 1.2	(1.6	) 1.7
Goodwill impairment	(281.0	) —	(281.0) —	
Loss on contingent consideration	—	(6.5) —	(8.6)
Operating income (loss)	(248.9	) 29.4	(200.4	) 75.1
Earnings (loss) from unconsolidated affiliates, net	5.0	(1.5) 8.4	(1.6)
Interest and debt expense, net	(35.4) (32.6) (69.0) (64.3)
Loss on modification/extinguishment of debt	(17.1	) —	(17.1) —	
Other income, net	0.1	0.1	0.3	0.2	
Income (loss) before income taxes	(296.3	) (4.6	) (277.8	) 9.4
Provision (benefit) for income taxes	(0.3	) 0.2	0.1	1.0
Net income (loss)	(296.0	) (4.8	) (277.9	) 8.4
Net loss attributable to non-controlling partners	256.0	0.4	246.2	6.8	
Net income (loss) attributable to Crestwood Equity Partners LP	\$(40.0)	) \$(4.4)	) \$(31.7)	) \$15.2
Subordinated unitholders' interest in net income (loss)	\$(0.9	) \$(0.1	) \$(0.7	) \$0.4
Common unitholders' interest in net income (loss)	\$(39.1)	) \$(4.3)	) \$(31.0)	) \$14.8
Net income (loss) per limited partner unit:					
Basic	\$(0.21	) \$(0.02	) \$(0.17	) \$0.08
Diluted	\$(0.21) \$(0.02) \$(0.17) \$0.08	

Weighted-average limited partners' units outstanding (in thousands):

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Basic	182,838	182,116	182,820	182,001
Dilutive units	4,388	4,388	4,388	4,388
Diluted	187,226	186,504	187,208	186,389
See accompanying notes.				

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CRESTWOOD EQUITY PARTNERS LP
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(unaudited)

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2015	2014	2015	2014	
Net income (loss)	\$(296.0	) \$(4.8	) \$(277.9	) \$8.4
Change in fair value of Suburban Propane Partners, L.P. units (Note 10)	(0.4) 0.7	(0.4) (0.1)
Comprehensive income (loss)	\$(296.4) \$(4.1) \$(278.3) \$8.3	

See accompanying notes.

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CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL

(in millions)

(unaudited)

	Crestwood Equity Partners	Non-Controlling Partners	Total Partners' Capital
Balance at December 31, 2014	\$776.2	\$ 4,808.3	\$5,584.5
Distributions to partners	(51.5	) (152.4	) (203.9
Unit-based compensation charges	1.6	10.1	11.7
Taxes paid for unit-based compensation vesting	(1.6	) (2.1	) (3.7
Change in fair value of Suburban Propane Partners, L.P. units (Note 10)	(0.4	) —	(0.4
Other	—	(0.1	) (0.1
Net loss	(31.7	) (246.2	) (277.9
Balance at June 30, 2015			