

Edgar Filing: Crestwood Equity Partners LP - Form 10-Q

Crestwood Equity Partners LP
Form 10-Q
November 07, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2014

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
(Address of principal executive offices) (Zip code)
(832) 519-2200
(Registrant's telephone number, including area code)

Inergy, L.P. Two Brush Creek Blvd., Suite 200 September 30
Kansas City, Missouri, 64112
(Former name) (Former address) (Former fiscal year)

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 ý No ..

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 registrant was required to submit and post such files). Yes ý 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 definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý 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 ý

As of November 3, 2014, the registrant had 186,424,580 Common Units outstanding.

Table of Contents

CRESTWOOD EQUITY PARTNERS LP (FORMERLY INERGY, L.P.)
INDEX TO FORM 10-Q

	Page
<u>Part I – Financial Information</u>	
<u>Item 1 – Financial Statements of Crestwood Equity Partners LP (Unaudited):</u>	
Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013	<u>3</u>
Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2014 and 2013	<u>4</u>
Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2014 and 2013	<u>5</u>
Consolidated Statement of Partners’ Capital for the Nine Months Ended September 30, 2014	<u>6</u>
Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2014 and 2013	<u>7</u>
<u>Notes to Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>40</u>
<u>Item 3 – Quantitative and Qualitative Disclosures About Market Risk</u>	<u>52</u>
<u>Item 4 – Controls and Procedures</u>	<u>52</u>
<u>Part II – Other Information</u>	
<u>Item 1 – Legal Proceedings</u>	<u>53</u>
<u>Item 1A – Risk Factors</u>	<u>53</u>
<u>Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>53</u>
<u>Item 3 – Defaults Upon Senior Securities</u>	<u>53</u>
<u>Item 4 – Mine Safety Disclosures</u>	<u>53</u>
<u>Item 5 – Other Information</u>	<u>53</u>
<u>Item 6 – Exhibits</u>	<u>54</u>
<u>Signature</u>	<u>55</u>

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements of Crestwood Equity Partners LP

CRESTWOOD EQUITY PARTNERS LP (FORMERLY INERGY, L.P.)

CONSOLIDATED BALANCE SHEETS

(in millions, except unit information)

	September 30, 2014 (unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$2.2	\$5.2
Accounts receivable	430.5	412.6
Inventory	104.7	73.6
Assets from price risk management activities	19.6	14.5
Prepaid expenses and other current assets	28.1	16.1
Total current assets	585.1	522.0
Property, plant and equipment (Note 3)	4,370.0	4,108.7
Less: accumulated depreciation and depletion	328.3	203.4
Property, plant and equipment, net	4,041.7	3,905.3
Intangible assets (Note 3)	1,477.6	1,466.4
Less: accumulated amortization	189.6	106.0
Intangible assets, net	1,288.0	1,360.4
Goodwill	2,540.6	2,552.2
Investment in unconsolidated affiliates (Note 5)	231.9	151.4
Other assets	29.4	31.9
Total assets	\$8,716.7	\$8,523.2
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	\$336.8	\$379.0
Accrued expenses and other liabilities	197.5	177.1
Liabilities from price risk management activities	13.4	34.9
Current portion of long-term debt (Note 9)	10.5	5.1
Total current liabilities	558.2	596.1
Long-term debt, less current portion (Note 9)	2,357.2	2,260.9
Other long-term liabilities	141.9	140.4
Deferred income taxes	12.7	17.2
Commitments and contingencies (Note 12)		
Partners' capital (Note 10):		
Partners' capital (186,404,184 and 185,274,279 limited partner units issued and outstanding at September 30, 2014 and December 31, 2013)	762.7	831.6
Total Crestwood Equity Partners LP partners' capital	762.7	831.6

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Interest of non-controlling partners in subsidiaries	4,884.0	4,677.0
Total partners' capital	5,646.7	5,508.6
Total liabilities and partners' capital	\$8,716.7	\$8,523.2

See accompanying notes.

Table of Contents

CRESTWOOD EQUITY PARTNERS LP (FORMERLY INERGY, L.P.)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except unit and per unit data)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2014	2013	2014	2013	
Revenues:					
Gathering and processing	\$83.9	\$47.0	\$245.2	\$140.3	
Storage and transportation	46.6	48.8	145.4	55.1	
NGL and crude services	904.9	307.3	2,541.1	348.8	
Related party (Note 13)	0.8	24.1	2.4	74.3	
	1,036.2	427.2	2,934.1	618.5	
Costs of product/services sold (excluding depreciation, amortization and accretion as shown below):					
Gathering and processing	7.3	5.3	22.8	18.2	
Storage and transportation	7.4	7.1	21.4	7.7	
NGL and crude services	817.3	270.0	2,300.6	307.4	
Related party (Note 13)	11.3	7.6	32.1	22.2	
	843.3	290.0	2,376.9	355.5	
Expenses:					
Operations and maintenance	55.9	37.2	148.7	65.5	
General and administrative	21.4	29.1	73.4	52.7	
Depreciation, amortization and accretion	71.7	55.4	209.2	105.8	
	149.0	121.7	431.3	224.0	
Other operating income (expense):					
Goodwill impairment	—	(4.1) —	(4.1)
Gain (loss) on long-lived assets, net	(0.9) 4.4	0.8	4.4)
Loss on contingent consideration (Note 12)	—	—	(8.6) —)
Operating income	43.0	15.8	118.1	39.3)
Earnings (loss) from unconsolidated affiliates, net	0.3	(0.4) (1.3) (0.4)
Interest and debt expense, net	(31.5) (22.8) (95.8) (46.2)
Other income, net	0.2	—	0.4	—)
Income (loss) before income taxes	12.0	(7.4) 21.4	(7.3)
Provision for income taxes	0.1	0.5	1.1	1.2)
Net income (loss)	11.9	(7.9) 20.3	(8.5)
Net (income) loss attributable to non-controlling partners	(9.1) (0.4) (2.3) 6.9)
Net income (loss) attributable to Crestwood Equity Partners LP	\$2.8	\$(8.3) \$18.0	\$(1.6)
Subordinated unitholders' interest in net income	\$—	\$(0.2) \$0.4	\$(0.1)
Common unitholders' interest in net income	\$2.8	\$(8.1) \$17.6	\$(1.5)
Net income (loss) per limited partner unit:					
Basic	\$0.02	\$(0.05) \$0.10	\$(0.02)
Diluted	\$0.02	\$(0.05) \$0.10	\$(0.02)
Weighted-average limited partners' units outstanding (in thousands):					
Basic	182,014	166,720	182,005	85,243	

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Dilutive units	4,388	4,388	4,388	4,388
Diluted	186,402	171,108	186,393	89,631

See accompanying notes.

Table of Contents

CRESTWOOD EQUITY PARTNERS LP (FORMERLY INERGY, L.P.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2014	2013	2014	2013	
Net income (loss)	\$ 11.9	\$(7.9	) \$20.3	\$(8.5)
Change in fair value of Suburban Propane Partners, L.P. units (Note 10)	(0.2	) 0.2	(0.3) —	
Comprehensive income (loss)	\$ 11.7	\$(7.7	) \$20.0	\$(8.5)

See accompanying notes.

Table of Contents

CRESTWOOD EQUITY PARTNERS LP (FORMERLY INERGY, L.P.)

CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL

(in millions)

(unaudited)

	Partners	Non-Controlling Partners	Total Partners' Capital
Balance at December 31, 2013	\$831.6	\$ 4,677.0	\$5,508.6
Issuance of preferred equity of subsidiary	—	53.9	53.9
Issuance of Crestwood Midstream Partners LP Class A preferred units	—	366.8	366.8
Change in invested capital from Legacy Inergy, net of debt (Note 4)	(10.5	) (4.8	) (15.3
Unit-based compensation charges	3.0	13.4	16.4
Taxes paid for unit-based compensation vesting	(2.3	) (1.5	) (3.8
Distributions to partners	(76.9	) (222.4	) (299.3
Change in fair value of Suburban Propane Partners, L.P. units (Note 10)	(0.3		