

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 7, 2020

Summit Midstream Partners, LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35666
(Commission
File Number)

45-5200503
(IRS Employer
Identification No.)

910 Louisiana Street, Suite 4200
Houston, TX 77002
(Address of principal executive office) (Zip Code)

(Registrants' telephone number, including area code): (832) 413-4770

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units	SMLP	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 8.01 Other Events.

As previously disclosed, on May 28, 2020, Summit Midstream Partners, LP, a Delaware limited partnership (the “Partnership”), closed on a Purchase Agreement (the “Purchase Agreement”) with affiliates of Energy Capital Partners II, LLC, a Delaware limited liability company (“ECP”) to acquire all the outstanding limited liability company interests of Summit Midstream Partners, LLC, a Delaware limited liability company (“Summit Investments”). We refer to the transactions contemplated by the Purchase Agreement as the “GP Buy-In Transaction.”

The May 2020 acquisition of Summit Investments was a transaction between entities under common control. As a result, the Partnership recast its financial statements for the period that the entities were under common control by Summit Investments to retrospectively reflect the May 2020 acquisition.

The Partnership is filing this Current Report on Form 8-K to update certain items in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2019 (the “2019 Annual Report”) and the Partnership’s Quarterly Report on Form 10-Q for the three months ended March 31, 2020 (the “2020 Quarterly Report”). Under GAAP, the GP Buy-In Transaction was deemed a transaction among entities under common control with a change in reporting entity. Although the Partnership is the surviving entity for legal purposes, Summit Investments is the surviving entity for accounting purposes; therefore, the historical financial results of the Partnership prior to the GP Buy-In Transaction are presented as those of Summit Investments. Prior to the GP Buy-In Transaction, Summit Investments controlled the Partnership and the Partnership’s financial statements were consolidated into Summit Investments.

The following items of the 2019 Annual Report are being retrospectively adjusted to reflect the GP Buy-In Transaction for all periods presented:

- Item 6. Selected Financial Data;
- Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations;
- Item 8. Financial Statements and Supplementary Data; and
- Exhibit 21.1 List of Subsidiaries.

These items replace the same items filed in the Partnership’s 2019 Annual Report as filed with the SEC on March 9, 2020.

The following items of the 2020 Quarterly Report are being retrospectively adjusted to reflect the GP Buy-In Transaction for all periods presented:

- Item 1. Financial Statements and Notes to Unaudited Condensed Consolidated Financial Statements; and
- Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

These items replace the same items filed in the Partnership’s 2020 Quarterly Report as filed with the SEC on May 8, 2020.

The information in this Current Report on Form 8-K should be read in conjunction with the other information included (but not replaced as described above) in the 2019 Annual Report and in the 2020 Quarterly Report. More current information is contained in the Partnership’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 and the Partnership’s other filings with the SEC.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
21.1	List of Subsidiaries
23.1	Consent of Deloitte & Touche LLP
99.1	Updated 2019 Annual Report on Form 10-K - Item 6. Selected Financial Data.
99.2	Updated 2019 Annual Report on Form 10-K - Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

- 99.3 [Updated 2019 Annual Report on Form 10-K - Item 8. Financial Statements and Supplementary Data.](#)
- 99.4 [Updated 2020 Quarterly Report on Form 10-Q - Item 1. Financial Statements and Notes to Unaudited Condensed Consolidated Financial Statements.](#)
- 99.5 [Updated 2020 Quarterly Report on Form 10-Q - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.](#)
- 101.INS * XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
- 101.SCH * Inline XBRL Taxonomy Extension Schema
- 101.CAL * Inline XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF * Inline XBRL Taxonomy Extension Definition Linkbase
- 101.LAB * Inline XBRL Taxonomy Extension Label Linkbase
- 101.PRE * Inline XBRL Taxonomy Extension Presentation Linkbase
- 104 Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections. The financial information contained in the XBRL(eXtensible Business Reporting Language)-related documents is unaudited and unreviewed.

SIGNATURES

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

Summit Midstream Partners, LP

(Registrant)

By: Summit Midstream GP, LLC (its general partner)

/s/ Marc D. Stratton

Marc D. Stratton, Executive Vice President and Chief Financial Officer

Dated: August 7, 2020

SUMMIT MIDSTREAM PARTNERS, LP
LIST OF SUBSIDIARIES

Name	State or other jurisdiction of incorporation or organization
Bison Midstream, LLC	Delaware
DFW Midstream Services LLC	Delaware
Epping Transmission Company, LLC	Delaware
Grand River Gathering, LLC	Delaware
Meadowlark Midstream Company, LLC	Delaware
Mountaineer Midstream Company, LLC	Delaware
Polar Midstream, LLC	Delaware
Red Rock Gathering Company, LLC	Delaware
Summit Contribution Holdings, LLC	Delaware
Summit Management Holdings, LLC	Delaware
Summit Midstream Finance Corp.	Delaware
Summit Midstream GP, LLC	Delaware
Summit Midstream Holdings, LLC	Delaware
Summit Midstream Marketing, LLC	Delaware
Summit Midstream Niobrara, LLC	Delaware
Summit Midstream OpCo, LP	Delaware
Summit Midstream Partners Holdings, LLC	Delaware
Summit Midstream Partners, LLC	Delaware
Summit Midstream Permian Finance, LLC	Delaware
Summit Midstream Permian II, LLC	Delaware
Summit Midstream Permian, LLC	Delaware
Summit Midstream Utica, LLC	Delaware
Summit Operating Services Company, LLC	Delaware
Summit Permian Transmission Holdco, LLC	Delaware
Summit Permian Transmission, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-234781 on Form S-3 and Registration Statement Nos. 333-184214, 333-189684 and 333-237323 on Form S-8 of our report dated March 9, 2020 (August 7, 2020 as to the retrospective adjustments to the financial statements for the common control transaction described in Notes 1 and 19), relating to the financial statements of Summit Midstream Partners, LP appearing in this Current Report on Form 8-K dated August 7, 2020.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas

August 7, 2020

EX 23.1-1

EXPLANATORY NOTE

On May 28, 2020, Summit Midstream Partners, LP, a Delaware limited partnership (the “Partnership”), closed on a Purchase Agreement (the “Purchase Agreement”) with affiliates of Energy Capital Partners II, LLC, a Delaware limited liability company (“ECP”) to acquire all the outstanding limited liability company interests of Summit Midstream Partners, LLC, a Delaware limited liability company (“Summit Investments”). We refer to the transactions contemplated by the Purchase Agreement as the “GP Buy-In Transaction.”

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The information in this Item 6. Selected Financial Data includes periods prior to the GP Buy-In Transaction. Consequently, the Partnership’s consolidated financial statements have been retrospectively recast for all periods presented in order to present the financial results of the surviving entity for accounting purposes.

EX 99.1-1

Item 6. Selected Financial Data.

The selected consolidated financial data presented as of and for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 have been derived from the audited consolidated financial statements of SMLP, as recasted to reflect the retrospective recast of SMLP's financial statements resulting from the GP Buy-In Transaction. The following selected financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data" of this Current Report on Form 8-K.

The following table presents selected balance sheet and other data as of the date indicated.

	December 31,				
	2019	2018	2017	2016	2015
	(In thousands, except per-unit amounts)				
Balance sheet data:					
Total assets	\$2,574,098	\$3,033,219	\$2,907,719	\$3,120,405	\$3,174,917
Total long-term debt	1,627,825	1,478,780	1,319,808	1,240,301	1,267,270
Mandatorily redeemable 11.00% Class C preferred units	—	—	—	99,526	156,857
Mezzanine capital	27,450	—	—	—	—
Partners' capital	785,236	1,391,567	1,497,260	1,635,420	1,595,354
Other data:					
Market price per common unit	\$ 3.31	\$ 10.05	\$ 20.50	\$ 25.15	\$ 18.73

The following table presents selected statements of operations and cash flows as well as other financial data for the annual periods indicated.

	Year ended December 31,				
	2019	2018	2017	2016	2015
	(In thousands, except per-unit amounts)				
Statements of operations data:					
Total revenues	\$ 443,528	\$506,653	\$ 488,741	\$402,362	\$ 400,282
Total costs and expenses (1)	406,657	378,079	512,486	293,156	561,087
Interest expense	91,966	82,830	88,701	78,596	75,358
Early extinguishment of debt	—	—	22,039	—	—
Loss from equity method investees (2)	(337,851)	(10,888)	(2,223)	(30,344)	(6,563)
Net (loss) income	(393,726)	34,320	(136,914)	(1,402)	(243,071)
(Loss) earnings per limited partner unit:					
Common unit - basic	\$ (4.70)	\$ 0.07	\$ (4.13)	\$ 0.55	\$ (1.44)
Common unit - diluted	(4.70)	0.07	(4.13)	0.54	(1.44)
Subordinated unit - basic and diluted (3)					(2.88)
Statements of cash flows data:					
Capital expenditures (other than acquisition capital expenditures)	\$ 182,291	\$200,586	\$ 124,215	\$142,942	\$ 274,119
Contributions to equity method investees	—	4,924	25,513	31,582	86,200
Investment in equity method investee	18,316	—	—	—	—
Other financial data:					
Distributions declared per unit (4)	\$ 1.438	\$ 2.300	\$ 2.300	\$ 2.300	\$ 2.270

- (1) Includes (i) long-lived asset impairments of \$60.5 million in 2019, (ii) a goodwill impairment of \$16.2 million in 2019, (iii) long-lived asset impairments of \$3.9 million in 2018, (iv) long-lived asset impairments of \$101.9 million and contract intangible asset impairments of \$85.2 million in 2017, and (v) goodwill impairments of \$248.9 million and environmental remediation expenses of \$21.8 million in 2015. See Notes 5, 6, 7 and 16 to the consolidated financial statements.
- (2) Includes (i) an impairment of our equity method investment in OGC of \$329.7 million and an impairment in OCC of \$6.3 million in 2019 and (ii) our 40% share, or \$5.7 million and \$1.4 million in asset impairments recognized by Ohio Gathering in December 2018 and 2017. In addition, 2018 includes our 40% share, or \$2.0 million, of an estimated legal contingency. See Note 8 to the consolidated financial statements.

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- (3) The subordination period ended on February 16, 2016 and all 24,409,850 subordinated units converted to common units on a one-for-one basis.
 - (4) Represents distributions declared in a given period by the publicly traded master limited partnership, Summit Midstream Partners, LP, to its unitholders prior to the GP Buy-In Transaction. For example, for the year ended December 31, 2019, represents the distributions paid in February 2019, in May 2019, in August 2019 and in November 2019.

The preceding tables should be read in conjunction with MD&A and the consolidated financial statements and notes thereto.

EX 99.1-3

EXPLANATORY NOTE

On May 28, 2020, Summit Midstream Partners, LP, a Delaware limited partnership (the “Partnership”), closed on a Purchase Agreement (the “Purchase Agreement”) with affiliates of Energy Capital Partners II, LLC, a Delaware limited liability company (“ECP”) to acquire all the outstanding limited liability company interests of Summit Midstream Partners, LLC, a Delaware limited liability company (“Summit Investments”). We refer to the transactions contemplated by the Purchase Agreement as the “GP Buy-In Transaction.”

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The information in this Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations includes periods prior to the GP Buy-In Transaction. Consequently, the Partnership’s consolidated financial statements have been retrospectively recast for all periods presented in order to present the financial results of the surviving entity for accounting purposes.

EX 99.2-1

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to inform the reader about matters affecting the financial condition and results of operations of SMLP and its subsidiaries. As a result, the following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in this report. Among other things, the consolidated financial statements and the related notes include more detailed information regarding the basis of presentation for the following information. This discussion contains forward-looking statements that constitute our plans, estimates and beliefs. These forward-looking statements involve numerous risks and uncertainties, including, but not limited to, those discussed in Forward-Looking Statements. Actual results may differ materially from those contained in any forward-looking statements. You should read the following discussion and analysis of financial condition and results of operations in conjunction with the financial statements, and the notes thereto, included in Item 8, “Financial Statements and Supplementary Data” of this Current Report on Form 8-K.

This MD&A comprises the following sections:

- Overview
- Trends and Outlook
- How We Evaluate Our Operations
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Estimates
- Forward-Looking Statements

Overview

We are a value-driven limited partnership focused on developing, owning and operating midstream energy infrastructure assets that are strategically located in unconventional resource basins, primarily shale formations, in the continental United States.

We classify our midstream energy infrastructure assets into two categories:

- Core Focus Areas – core producing areas of basins in which we expect our gathering systems to experience greater long-term growth, driven by our customers’ ability to generate more favorable returns and support sustained drilling and completion activity in varying commodity price environments. In the near-term, we expect to concentrate the majority of our capital expenditures in our Core Focus Areas. Our Utica Shale, Ohio Gathering, Williston Basin, DJ Basin and Permian Basin reportable segments (as described below) comprise our Core Focus Areas.
- Legacy Areas – production basins in which we expect volume throughput on our gathering systems to experience relatively lower long-term growth compared to our Core Focus Areas, given that our customers require relatively higher commodity prices to support drilling and completion activities in these basins. Upstream production served by our gathering systems in our Legacy Areas is generally more mature, as compared to our Core Focus Areas, and the decline rates for volume throughput on our gathering systems in the Legacy Areas are typically lower as a result. We expect to continue to reduce our near-term capital expenditures in these Legacy Areas. Our Piceance Basin, Barnett Shale and Marcellus Shale reportable segments (as described below) comprise our Legacy Areas.

We are the owner-operator of or have significant ownership interests in the following gathering and transportation systems, which comprise our Core Focus Areas:

- Summit Utica, a natural gas gathering system operating in the Appalachian Basin, which includes the Utica and Point Pleasant shale formations in southeastern Ohio;
- Ohio Gathering, a natural gas gathering system and a condensate stabilization facility operating in the Appalachian Basin, which includes the Utica and Point Pleasant shale formations in southeastern Ohio;
- Polar and Divide, a crude oil and produced water gathering system and transmission pipeline operating in the Williston Basin, which includes the Bakken and Three Forks shale formations in northwestern North Dakota;
- Bison Midstream, an associated natural gas gathering system operating in the Williston Basin, which includes the Bakken and Three Forks shale formations in northwestern North Dakota;
- Niobrara G&P, an associated natural gas gathering and processing system operating in the DJ Basin, which includes the Niobrara and Codell shale formations in northeastern Colorado and southeastern Wyoming;
- Summit Permian, an associated natural gas gathering and processing system operating in the northern Delaware Basin, which includes the Wolfcamp and Bone Spring formations, in southeastern New Mexico; and
- Double E, a 1.35 Bcf/d natural gas transmission pipeline that is under development and will provide transportation service from multiple receipt points in the Delaware Basin to various delivery points in and around the Waha Hub in Texas.

We are the owner-operator of the following gathering systems, which comprise our Legacy Areas:

- Grand River, a natural gas gathering and processing system operating in the Piceance Basin, which includes the Mesaverde formation and the Mancos and Niobrara shale formations in western Colorado;
- DFW Midstream, a natural gas gathering system operating in the Fort Worth Basin, which includes the Barnett Shale formation in north-central Texas; and
- Mountaineer Midstream, a natural gas gathering system operating in the Appalachian Basin, which includes the Marcellus Shale formation in northern West Virginia.

For additional information on our organization and systems, see Notes 1 and 4 to the consolidated financial statements.

Our financial results are driven primarily by volume throughput across our gathering systems and by expense management. We generate the majority of our revenues from the gathering, compression, treating and processing services that we provide to our customers. A majority of the volumes that we gather, compress, treat and/or process have a fixed-fee rate structure which enhances the stability of our cash flows by providing a revenue stream that is not subject to direct commodity price risk. We also earn revenues from the following activities that directly expose us to fluctuations in commodity prices: (i) the sale of physical natural gas and/or NGLs purchased under percentage-of-proceeds or other processing arrangements with certain of our customers on the Bison Midstream, Grand River and Summit Permian systems, (ii) the sale of natural gas we retain from certain DFW Midstream customers and (iii) the sale of condensate we retain from our gathering services at Grand River. During the year ended December 31, 2019, these additional activities accounted for approximately 20% of total revenues including marketing transactions, and approximately 14% of total revenues excluding marketing transactions.

We also have indirect exposure to changes in commodity prices in that persistently low commodity prices may cause our customers to delay and/or cancel drilling and/or completion activities or temporarily shut-in production, which would reduce the volumes of natural gas and crude oil (and associated volumes of produced water) that we gather. If certain of our customers cancel or delay drilling and/or completion activities or temporarily shut-in production, the associated MVCs, if any, ensure that we will earn a minimum amount of revenue.

The following table presents certain consolidated and reportable segment financial data. For additional information on our reportable segments, see the “Segment Overview for the Years Ended December 31, 2019, 2018 and 2017” section herein.

	Year ended December 31,		
	2019	2018	2017
Net (loss) income	\$(393,726)	\$ 34,320	\$(136,914)
Reportable segment adjusted EBITDA		(In thousands)	
Utica Shale	\$ 29,292	\$ 30,285	\$ 34,011
Ohio Gathering	39,126	39,969	41,246
Williston Basin	69,437	76,701	66,413
DJ Basin	18,668	7,558	6,624
Permian Basin	(879)	(1,200)	—
Piceance Basin	98,765	111,042	111,113
Barnett Shale	43,043	43,268	46,232
Marcellus Shale	20,051	24,267	23,888
Net cash provided by operating activities	\$ 161,741	\$206,230	\$ 213,048
Capital expenditures (1)	182,291	200,586	124,215
Contributions to equity method investees	—	4,924	25,513
Investment in equity method investee	18,316	—	—
Distributions to noncontrolling interest SMLP unitholders	\$ 68,874	\$109,101	\$ 107,598
Distributions to Series A Preferred unitholders	28,500	28,500	2,375
Distributions to Energy Capital Partners	120,730	11,800	301,672
Issuance of senior notes	—	—	500,000
Tender and redemption of senior notes	—	—	(300,000)
Net borrowings (repayments) under Revolving Credit Facility	211,000	205,000	(387,000)
Issuance of SMP Holdings term loan	—	—	300,000
Repayments under SMP Holdings term loan	(65,250)	(49,250)	(24,000)
Proceeds from issuance of Series A preferred units, net of costs (2)	27,392	—	293,238
Proceeds from ATM Program common unit issuances, net of costs	—	—	17,078

(1) See “Liquidity and Capital Resources” herein and Note 4 to the consolidated financial statements for additional information on capital expenditures.

(2) Reflects proceeds from the issuance of Series A preferred units.

Year ended December 31, 2019. The following items are reflected in our financial results:

- In December 2019, we identified certain triggering events which indicated that our equity method investment in Ohio Gathering could be impaired. We completed an other-than-temporary impairment analysis to determine the potential equity method impairment charge to be recorded on our consolidated financial statements. As a result, an impairment charge of approximately \$329.7 million was recorded in the loss from equity method investees caption on the consolidated statement of operations.
- In September 2019, in connection with our annual impairment evaluation, we determined that the fair value of the Mountaineer Midstream reporting unit did not exceed its carrying value and we recognized a goodwill impairment charge of \$16.2 million.

- In March 2019, certain events occurred which indicated that certain long-lived assets in the DJ Basin and Barnett Shale reporting segments could be impaired. Consequently, we performed a recoverability assessment of certain assets within these reporting segments. In the DJ Basin, we determined certain processing plant assets related to our 20 MMcf/d plant would no longer be operational due to our expansion plans for the Niobrara G&P system and we recorded an impairment charge of \$34.7 million related to these assets. In the Barnett Shale, we determined certain compressor station assets would be shut down and de-commissioned and we recorded an impairment charge of \$10.2 million related to these assets.
- In December 2019, as part of our financing for the Double E Project, we formed Permian Holdco, a newly created, unrestricted subsidiary of SMLP that indirectly owns SMLP's 70% interest in Double E. In connection with the formation of Permian Holdco, we entered into an agreement with TPG Energy Solutions Anthem, L.P. ("TPG") on December 24, 2019 to fund up to \$80 million of Permian Holdco's future capital calls associated with the Double E Project. Simultaneously, on December 24, 2019, Permian Holdco issued 30,000 Subsidiary Series A Preferred Units to TPG for net proceeds of \$27.4 million.
- In June 2019, we continued development of the Double E Project after securing firm 10-year commitments under binding precedent agreements for a substantial majority of the pipeline's initial throughput capacity of 1.35 Bcf of gas per day and executing the JV Agreement with an affiliate of Double E's foundation shipper. The Double E Project, which consists of an approximately 116-mile mainline and related facilities, will provide interstate natural gas transportation service from the Delaware Basin production area to the Waha Hub in Texas. Double E filed its application under Section 7(c) of the NGA with the FERC on July 31, 2019 to obtain a certificate of public convenience and necessity authorizing the construction and operation of the pipeline.

In connection with the Double E Project, Summit Permian Transmission contributed total assets of approximately \$23.6 million for a 70% ownership interest in Double E. Concurrent with this contribution, Double E distributed \$7.3 million to the Partnership. We expect to own at least a 50% interest in the Double E Project, will lead the development, permitting and construction of the Double E Project and will operate the pipeline upon commissioning. At our current 70% interest, we estimate that our share of the capital expenditures required to develop the Double E Project will total approximately \$350.0 million, and that more than 90% of those capital expenditures will be incurred in 2020 and 2021. Assuming timely receipt of the required regulatory approvals (including the FERC certificate) and no material delays in construction, we expect that the Double E Project will be placed into service in the third quarter of 2021.
- In December 2019, Red Rock Gathering and certain affiliates of SMLP (collectively, "the Red Rock Parties") entered into a Purchase and Sale Agreement (the "Red Rock PSA") pursuant to which the Red Rock Parties agreed to sell certain Red Rock Gathering system assets for a cash purchase price of \$12.0 million (the "Red Rock Sale"). Prior to closing, we recorded an impairment charge of \$14.2 million based on the expected consideration and the carrying value for the Red Rock Gathering system assets. On December 2, 2019, we closed the Red Rock Sale. The impairment is included in the Long-lived asset impairment caption on the consolidated statement of operations. The financial contribution of these assets (a component of the Piceance Basin reportable segment) are included in our consolidated financial statements and footnotes for the period from January 1, 2019 through December 1, 2019.
- Until March 22, 2019, we owned Tioga Midstream, a crude oil, produced water and associated natural gas gathering system in the Williston Basin. On March 22, 2019, we sold the Tioga Midstream system to affiliates of Hess Infrastructure Partners LP for a combined cash purchase price of approximately \$90 million and recorded a gain on sale of \$0.9 million based on the difference between the consideration received and the carrying value for Tioga Midstream at closing. The gain is included in the Gain on asset sales, net caption on the consolidated statement of operations. The financial results of Tioga Midstream (a component of the Williston Basin reportable segment) are included in our consolidated financial statements and footnotes for the historical periods through March 22, 2019. Refer to Note 17 to the consolidated financial statements for details on the sale of Tioga Midstream.

- In the third quarter of 2019, we began an internal initiative to evaluate and transform our cost structure, enhance margins and improve our competitive position in response to a weakening commodity price backdrop. For the year ended December 31, 2019, we incurred approximately \$5.0 million in restructuring costs relating to this initiative (included in general and administrative expense).

Year ended December 31, 2018. The following items are reflected in our financial results:

- Increased natural gas, NGLs and condensate sales and cost of natural gas and NGLs associated with increased marketing related activities.
- During the year ended December 31, 2018, we recognized \$6.0 million in gathering services and related fees from MVC shortfall adjustments. Under Topic 606, we recognize customer obligations under their MVCs as revenue and contract assets when (i) we consider it remote that the customer will utilize shortfall payments to offset gathering or processing fees in excess of its MVCs in subsequent periods; (ii) the customer incurs a shortfall in a contract with no banking mechanism or claw back provision; (iii) the customer's banking mechanism has expired; or (iv) it is remote that the customer will use its unexercised right.
- In December 2018, in connection with certain strategic initiatives, we performed a recoverability assessment of certain assets within the Williston Basin reporting segment. Based on the results, we concluded that the carrying value of certain long-lived assets related to the Tioga Midstream system in the Williston Basin were not fully recoverable and we recorded an impairment charge of \$3.9 million.

Year ended December 31, 2017. The following items are reflected in our financial results:

- In February 2017, we completed a public offering of \$500.0 million principal amount of 5.75% Senior Notes. Concurrent with and following the offering, we initiated a tender offer for the outstanding 7.5% Senior Notes. All remaining 7.5% Senior Notes were redeemed on March 18, 2017, with payment made on March 20, 2017. We used the proceeds from the issuance of the 5.75% Senior Notes to (i) fund the repurchase of the outstanding \$300.0 million principal amount of 7.5% Senior Notes, (ii) pay redemption and call premiums on the 7.5% Senior Notes totaling \$17.9 million and (iii) pay \$172.0 million of the balance outstanding under our Revolving Credit Facility.
- In March 2017, we closed on a \$300.0 million senior secured term loan facility, (the "Term Loan B") with the maturity date of May 15, 2022. Borrowings under the Term Loan B bear interest at LIBOR plus 6.00% or ABR plus 5.00%, as defined in the Term Loan B Facility. We used the net proceeds of the Term Loan B to redeem the Class C Redemption Units and to make a distribution to the Sponsor.
- In March 2017, we recognized \$37.7 million of gathering services and related fees revenue that had been previously deferred, and recorded on our consolidated balance sheet as deferred revenue, in connection with an MVC arrangement with a certain Williston Basin customer, for which we determined we had no further performance obligations. We include the effect of adjustments related to MVC shortfall payments in our definition of segment adjusted EBITDA. As such, the Williston Basin segment adjusted EBITDA was not impacted because the revenue recognition was offset by the associated adjustments related to MVC shortfall payments for this customer.
- In November 2017, we issued 300,000 Series A Preferred Units representing limited partner interests in the Partnership at a price of \$1,000 per unit. We used the net proceeds of \$293.2 million to repay outstanding borrowings under our Revolving Credit Facility.
- In December 2017, in connection with certain strategic initiatives, we performed a financial review of certain assets within the Williston Basin reporting segment. This resulted in a triggering event that required us to perform a recoverability test. Based on the results of the test, we concluded that the carrying value of certain intangible and long-lived assets related to the Bison Midstream system in the Williston Basin were not fully recoverable and we recorded an impairment charge of \$187.1 million.

Trends and Outlook

Our business has been, and we expect our future business to continue to be, affected by the following key trends:

- Natural gas, NGL and crude oil supply and demand dynamics;
- Production from U.S. shale plays;
- Capital markets availability and cost of capital; and
- Shifts in operating costs and inflation.

Our expectations are based on assumptions made by us and information currently available to us. To the extent our underlying assumptions about, or interpretations of, available information prove to be incorrect, our actual results may vary materially from our expected results.

Natural gas, NGL and crude oil supply and demand dynamics. Natural gas continues to be a critical component of energy supply and demand in the United States. The average spot price of natural gas decreased by approximately 19% from 2018 to 2019, primarily due to natural gas supply exceeding demand. The average daily Henry Hub Natural Gas Spot Price was \$2.56 per MMBtu during 2019, compared with \$3.15 per MMBtu during 2018. Henry Hub closed at \$2.09 per MMBtu on December 31, 2019 and as of February 10, 2020, closed at \$1.85 per MMBtu. Natural gas prices continue to trade at lower-than-average historical prices due in part to increased natural gas production and an elevated level of natural gas in storage in the continental United States. The average amount of working natural gas in underground storage in the continental U.S. was 2.47 Tcf in 2019, which was 9.5% higher than in 2018. In the near term, we believe that until the supply of natural gas in storage has been reduced, natural gas prices are likely to remain constrained. Over the long term, we believe that the prospects for continued natural gas demand are favorable and will be driven primarily by global population and economic growth, as well as the continued displacement of coal-fired electricity generation by natural gas-fired electricity generation. However, we note that over the last several years there has been an increasing societal opposition to the production of hydrocarbons generally, which may be reflected in legislation, executive orders or regulations that may significantly restrict the domestic production of fossil fuels, including natural gas.

In addition, certain of our gathering systems are directly affected by crude oil supply and demand dynamics. Crude oil prices decreased in 2019, with the average daily Cushing, Oklahoma West Texas Intermediate (“WTI”) crude oil spot price decreasing from an average \$65.23 per barrel during 2018 to an average of \$56.98 per barrel during 2019, representing a 12.6% decrease, reflecting broader market concerns for global oil supply and demand dynamics. In response to the general decrease in crude oil prices, the number of active crude oil drilling rigs in the continental United States decreased from 885 in December 2018 to 677 in December 2019, according to Baker Hughes. Over the next several years, we expect that crude oil prices will support continued drilling activity and increasing production in the Williston Basin, Permian Basin and, given the current regulatory environment in Colorado, in rural parts of the DJ Basin.

Growth in production from U.S. shale plays. Over the past several years, natural gas production from unconventional shale resources has increased significantly due to advances in technology that allow producers to extract significant volumes of natural gas from unconventional shale plays on favorable economic terms relative to most conventional plays. In recent years, a number of producers and their joint venture partners, including large international operators, industrial manufacturers and private equity sponsors, have committed significant capital to the development of these unconventional resources, including the Piceance, Barnett, Bakken, Marcellus, Utica and Permian Basin shale plays in which we operate, and we believe that these long-term capital investments will support drilling activity in unconventional shale plays over the long term.

Rate of growth in production from U.S. shale plays. Some of our producer customers have adjusted their drilling and completion activities and schedules to manage drilling and completion costs at levels that are achievable using internally generated cash flow from their underlying operations. Historically, as part of a strategy to accelerate production growth, these producers would raise external capital to fund drilling and completion costs in excess of the cash flows generated

from their underlying assets. In general, we expect our producer customers to reduce completion and production activities across many of our systems relative to our previous expectations as a result of a weakening commodity price environment and a continuation of the general trend of producers constraining drilling and completion activity to levels that can be satisfied with internally generated cash flow.

Capital markets availability and cost of capital. Credit markets were volatile throughout 2019, as borrowing costs increased and investors assessed the impact of rising rates on broader economic activity. Capital markets conditions, including but not limited to availability and higher borrowing costs, could affect our ability to access the debt capital markets to the extent necessary, to fund our future growth. Furthermore, market demand for equity issued by master limited partnerships has been significantly lower in recent years than it has been historically, which may make it more challenging for us to finance our capital expenditures with the issuance of additional equity. We recently announced a reduction in our common unit distribution to \$0.125 per quarter, beginning with the distribution paid in respect of the fourth quarter of 2019, and this reduction may further reduce demand for our common units. In addition, interest rates on future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly.

Shifts in operating costs and inflation. Throughout most of the last five years, high levels of crude oil and natural gas exploration, development and production activities across the United States resulted in increased competition for personnel and equipment as well as higher prices for labor, supplies, equipment and other services. Beginning in 2015, this dynamic began to shift as prices for crude oil and natural gas-related services decreased in line with overall decline in demand for these goods and services. While we expect lower service-related costs in the near term, we expect that over the longer term, these costs will continue to have a high correlation to changes in the prevailing price of crude oil and natural gas.

EX 99.2-8

How We Evaluate Our Operations

We conduct and report our operations in the midstream energy industry through eight reportable segments:

- the Utica Shale, which is served by Summit Utica;
- Ohio Gathering, which includes our ownership interest in OGC and OCC;
- the Williston Basin, which is served by Polar and Divide and Bison Midstream;
- the DJ Basin, which is served by Niobrara G&P;
- the Permian Basin, which is served by Summit Permian;
- the Piceance Basin, which is served by Grand River;
- the Barnett Shale, which is served by DFW Midstream; and
- the Marcellus Shale, which is served by Mountaineer Midstream.

Additionally, until March 22, 2019, we owned Tioga Midstream, a crude oil, produced water and associated natural gas gathering system operating in the Williston Basin. Refer to Note 17 to the consolidated financial statements for details on the sale of Tioga Midstream.

Each of our reportable segments provides midstream services in a specific geographic area. Our reportable segments reflect the way in which we internally report the financial information used to make decisions and allocate resources in connection with our operations (see Note 4 to the consolidated financial statements).

Our management uses a variety of financial and operational metrics to analyze our consolidated and segment performance. We view these metrics as important factors in evaluating our profitability and determining the amounts of cash distributions to pay to our unitholders. These metrics include:

- throughput volume;
- revenues;
- operation and maintenance expenses; and
- segment adjusted EBITDA.

Throughput Volume

The volume of (i) natural gas that we gather, compress, treat and/or process and (ii) crude oil and produced water that we gather depends on the level of production from natural gas or crude oil wells connected to our gathering systems. Aggregate production volumes are impacted by the overall amount of drilling and completion activity. Furthermore, because the production rate of natural gas and crude oil wells decline over time, production can only be maintained or increased by new drilling or other activity.

As a result, we must continually obtain new supplies of production to maintain or increase the throughput volume on our systems. Our ability to maintain or increase throughput volumes from existing customers and obtain new supplies of throughput is impacted by:

- successful drilling activity within our AMIs;
- the level of work-overs and recompletions of wells on existing pad sites to which our gathering systems are connected;
- the number of new pad sites in our AMIs awaiting connections;
- our ability to compete for volumes from successful new wells in the areas in which we operate outside of our existing AMIs; and
- our ability to gather, treat and/or process production that has been released from commitments with our competitors.

We report volumes gathered for natural gas in cubic feet per day. We aggregate crude oil and produced water gathering and report volumes gathered in barrels per day.

Revenues

Our revenues are primarily attributable to the volumes that we gather, compress, treat and/or process and the rates we charge for those services. A majority of our gathering and processing agreements are fee-based, which limits our direct exposure to fluctuations in commodity prices. We also have percent-of-proceeds arrangements with certain customers under which the gathering and processing revenues that we earn correlate directly with the fluctuating price of natural gas, condensate and NGLs.

Certain of our gathering and processing agreements contain MVCs pursuant to which our customers agree to ship or process a minimum volume of production on our gathering systems, or, in some cases, to pay a minimum monetary amount, over certain periods during the term of the MVC. These MVCs help us generate stable revenues and serve to mitigate the financial impact associated with declining volumes.

Operation and Maintenance Expenses

We seek to maximize the profitability of our operations in part by minimizing, to the extent appropriate, expenses directly tied to operating our assets. Direct labor costs, compression costs, ad valorem taxes, repair and non-capitalized maintenance costs, integrity management costs, utilities and contract services comprise the most significant portion of our operation and maintenance expense. Other than utilities expense, these expenses are largely independent of volumes delivered through our gathering systems but may fluctuate depending on the activities performed during a specific period.

Segment Adjusted EBITDA

Segment adjusted EBITDA is a supplemental financial measure used by management and by external users of our financial statements such as investors, commercial banks, research analysts and others.

Segment adjusted EBITDA is used to assess:

- the ability of our assets to generate cash sufficient to make cash distributions and support our indebtedness;
- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other companies in the midstream energy sector, without regard to financing or capital structure;
- the attractiveness of capital projects and acquisitions and the overall rates of return on alternative investment opportunities; and
- the financial performance of our assets without regard to (i) income or loss from equity method investees, (ii) the impact of the timing of minimum volume commitment shortfall payments under our gathering agreements or (iii) the timing of impairments or other noncash income or expense items.

Additional Information. For additional information, see the “Results of Operations” section herein and the notes to the consolidated financial statements. For information on pending accounting changes that are expected to materially impact our financial results reported in future periods, see Note 2 to the consolidated financial statements.

Results of Operations

Our financial results are recognized as follows:

Gathering services and related fees. Revenue earned from the gathering, compression, treating and processing services that we provide to our customers.

Natural gas, NGLs and condensate sales. Revenue earned from (i) the sale of physical natural gas and/or NGLs purchased under percentage-of-proceeds arrangements with certain of our customers on the Bison Midstream, Grand River and Summit Permian systems, (ii) natural gas and crude oil marketing services in and around our gathering systems, (iii) the sale of natural gas we retain from certain DFW Midstream customers and (iv) the sale of condensate we retain from our gathering services at Grand River.

Other revenues. Revenue earned primarily from (i) certain costs for which certain of our customers have agreed to reimburse us and (ii) connection fees for customers of the Polar and Divide system.

Cost of natural gas and NGLs. The cost of natural gas and NGLs represents (i) the purchase of natural gas and NGLs associated with marketing activity surrounding certain of our natural gas and crude oil-related operations and (ii) the costs associated with the percent-of-proceeds arrangements under which we sell natural gas and NGLs purchased from certain of our customers on the Bison Midstream and Grand River systems.

Operation and maintenance. Operation and maintenance primarily comprises direct labor costs, compression costs, ad valorem taxes, repair and non-capitalized maintenance costs, integrity management costs, utilities and contract services. These items represent the most significant portion of our operation and maintenance expense. Other than utilities expense, these expenses are largely independent of variations in throughput volumes but may fluctuate depending on the activities performed during a specific period.

General and administrative. Expenses associated with our operations that are not specifically associated with the operation and maintenance of a particular system or another cost and expense line item. These expenses largely reflect salaries, benefits and incentive compensation, professional fees, insurance and rent.

Depreciation and amortization. The depreciation of our property, plant and equipment and the amortization of our contract and right-of-way intangible assets.

Transaction costs. Financial and legal advisory costs associated with completed acquisitions and divestitures and restructuring activities.

Other income or expense. Generally represents other items of gain or loss but may also include interest income.

Interest expense. Interest expense associated with our Revolving Credit Facility, Term Loan B and our Senior Notes as well as amortization expense associated with debt issuance costs.

Income tax expense or benefit. Represents the expense or benefit associated with the Texas Margin Tax.

Income or loss from equity method investees. Represents the income or loss and other-than-temporary impairment associated with our ownership interest in Ohio Gathering.

Consolidated Overview for the Years Ended December 31, 2019, 2018 and 2017

The following table presents certain consolidated data and volume throughput for the years ended December 31.

	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
	(In thousands)				
Revenues:					
Gathering services and related fees	\$ 326,747	\$ 344,616	\$ 394,427	(5%)	(13%)
Natural gas, NGLs and condensate sales	86,994	134,834	68,459	(35%)	97%
Other revenues	29,787	27,203	25,855	9%	5%
Total revenues	<u>443,528</u>	<u>506,653</u>	<u>488,741</u>	(12%)	4%
Costs and expenses:					
Cost of natural gas and NGLs	63,438	107,661	57,237	(41%)	88%
Operation and maintenance	98,719	100,978	93,882	(2%)	8%
General and administrative	55,947	54,991	56,351	2%	(2%)
Depreciation and amortization	110,354	107,263	115,737	3%	(7%)
Transaction costs	3,017	—	50	*	*
(Gain) loss on asset sales, net	(1,536)	—	527	*	*
Long-lived asset impairment	60,507	7,186	188,702	*	(96%)
Goodwill impairment	16,211	—	—	*	*
Total costs and expenses	<u>406,657</u>	<u>378,079</u>	<u>512,486</u>	8%	(26%)
Other income (expense)	451	(169)	298	*	*
Interest expense	(91,966)	(82,830)	(88,701)	11%	(7%)
Early extinguishment of debt	—	—	(22,039)	*	*
(Loss) income before income taxes and loss from equity method investees	(54,644)	45,575	(134,187)	*	*
Income tax expense	(1,231)	(367)	(504)	*	*
Loss from equity method investees	<u>(337,851)</u>	<u>(10,888)</u>	<u>(2,223)</u>	*	*
Net (loss) income	<u><u>\$(393,726)</u></u>	<u><u>\$ 34,320</u></u>	<u><u>\$(136,914)</u></u>	*	*
Volume throughput (1):					
Aggregate average daily throughput - natural gas (MMcf/d)	1,397	1,673	1,748	(16%)	(4%)
Aggregate average daily throughput - liquids (Mbbbl/d)	105.3	94.9	75.2	11%	26%

* Not considered meaningful

(1) Exclusive of volume throughput for Ohio Gathering. For additional information, see the "Ohio Gathering" section herein.

Volumes – Gas. Natural gas throughput volumes decreased 276 MMcf/d for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily reflecting:

- a volume throughput decrease of 111 MMcf/d for the Marcellus Shale segment.
- a volume throughput decrease of 99 MMcf/d for the Piceance Basin segment.
- a volume throughput decrease of 86 MMcf/d for the Utica Shale segment.
- a volume throughput increase of 18 MMcf/d for the Permian Basin segment.
- a volume throughput increase of 10 MMcf/d for the DJ Basin segment.

Natural gas throughput volumes decreased 75 MMcf/d for the year ended December 31, 2018 compared to the year ended December 31, 2017, primarily reflected:

- a volume throughput decrease of 31 MMcf/d for the Piceance Basin segment.
- a volume throughput decrease of 28 MMcf/d for the Marcellus Shale segment.
- a volume throughput decrease of 14 MMcf/d for the Barnett Shale segment.
- a volume throughput decrease of 6 MMcf/d for the Utica Shale segment.
- a volume throughput increase of 4 MMcf/d for the DJ Basin segment.

Volumes – Liquids. Crude oil and produced water throughput volumes at the Williston segment increased 10.4 Mbb/d for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Crude oil and produced water throughput volumes at the Williston segment increased 19.7 Mbb/d for the year ended December 31, 2018 compared to the year ended December 31, 2017.

For additional information on volumes, see the “Segment Overview for the Years Ended December 31, 2019, 2018 and 2017” section herein.

Revenues. Total revenues decreased \$63.1 million during the year ended December 31, 2019 compared to the prior year primarily comprised of a \$47.8 million decrease in natural gas, NGLs and condensate sales and a \$17.9 million decrease in gathering services and related fees.

Gathering Services and Related Fees. Gathering services and related fees decreased \$17.9 million compared to the year ended December 31, 2018, primarily reflecting:

- a \$11.2 million decrease in gathering services and related fees in the Barnett Shale primarily reflecting \$5.1 million in lower MVC shortfall revenue attributable to the timing of revenue recognition and an unfavorable gathering rate mix on certain gathering services and related fees. Also impacting 2019 revenues was the presentation of \$4.5 million of gathering services as a reduction to cost of natural gas and NGLs due to the assignment of certain marketing arrangements from Corporate and Other to our DFW Midstream operations.
- a \$14.5 million decrease in gathering services and related fees in the Piceance Basin relating to lower volume throughput due to a lack of drilling and completion activity and natural production declines.
- a \$5.1 million decrease in gathering services and related fees in the Marcellus Shale relating to lower volume throughput due to natural production declines partially offset by additional drilling and completion activities.
- a \$3.3 million decrease in gathering services and related fees in the Utica Shale due to a combination of natural production declines on existing wells together with increased temporary production curtailments associated with infill drilling, completion activity and other operational downtime partially offset by the completion of new wells at the end of the fourth quarter of 2018 and throughout 2019 and a more favorable volume and gathering rate mix from customers.

- a \$2.0 million decrease in gathering services and related fees in the Williston Basin primarily reflecting a \$9.8 million decrease in gathering services and related fees attributable to the sale of the Tioga Midstream system on March 22, 2019, whose 2019 financial results are included for the period from January 1, 2019 through March 22, 2019. This was partially offset by higher liquids volume throughput due to increased drilling and completion activity.
- a \$10.7 million increase in gathering services and related fees in the DJ Basin relating to higher volume throughput due to increased drilling activity and a more favorable volume and gathering rate mix from customers, partially offset by natural production declines.
- a \$3.5 million increase in gathering services and related fees in the Permian Basin (commissioned in the fourth quarter of 2018).

Natural Gas, NGLs and Condensate Sales. Natural gas, NGLs and condensate sales decreased \$47.8 million compared to the year ended December 31, 2018, primarily reflecting lower natural gas, NGL and crude oil marketing services. The majority of the decrease in revenue is offset by a \$44.2 million decrease in natural gas, NGL and condensate purchases.

Total revenues for the year ended December 31, 2018 increased \$17.9 million compared to the year ended December 31, 2017 primarily comprised of a \$66.4 million increase in natural gas, NGLs and condensate sales and a \$49.8 million decrease in gathering services and related fees.

Gathering Services and Related Fees. Gathering services and related fees decreased \$49.8 million compared to the year ended December 31, 2017, as compared to the prior year, primarily reflecting:

- the impact of the 2017 recognition of \$37.7 million of previously deferred revenue related to a certain Williston Basin customer.
- a \$13.3 million decrease in gathering services and related fees for the Williston Basin segment due to the reclassification of amounts under certain percent-of-proceeds arrangements currently recognized on a net basis in cost of natural gas and NGLs under Topic 606.
- a \$3.6 million decrease in gathering services and related fees for the Barnett Shale segment largely as a result of the expiration of an MVC during 2017.
- a \$6.0 million increase from the recognition of MVC shortfall adjustments for the Barnett Shale segment under Topic 606 (see Note 3 in the consolidated financial statements).

Natural Gas, NGLs and Condensate Sales. Natural gas, NGLs and condensate sales increased \$66.4 million compared to the year ended December 31, 2017, primarily reflecting the addition of natural gas, NGL and crude oil marketing services provided for the Piceance Basin, DJ Basin, Barnett Shale and Williston Basin segments.

Costs and Expenses. Total costs and expenses increased \$28.6 million during the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily reflecting:

- the recognition of \$34.9 million of certain long-lived asset impairments in the DJ Basin.
- a goodwill impairment charge of \$16.2 million relating to the Mountaineer Midstream system in the Marcellus Shale.
- the recognition of \$14.2 million of long-lived asset impairments relating to the sale of certain Red Rock Gathering system assets in the Piceance Basin.
- the recognition of \$10.2 million of certain long-lived asset impairments in the Barnett Shale.
- the recognition of \$1.3 million of certain long-lived asset impairments in the Permian Basin.
- a \$44.2 million decrease in natural gas, NGLs and condensate purchases primarily driven by lower natural gas, NGL and crude oil marketing activity.

Total costs and expenses decreased \$134.4 million during the year ended December 31, 2018 compared to the year ended December 31, 2017, primarily reflecting:

- the impact of the 2017 recognition of \$187.1 million of certain intangible and long-lived asset impairments relating to the Bison Midstream system in the Williston Basin segment.
- a \$63.7 million increase in natural gas, NGLs and condensate purchases primarily driven by increased natural gas, NGL and crude oil marketing activity for the Piceance Basin, DJ Basin, Barnett Shale and Williston Basin segments.
- a \$7.1 million increase in operation and maintenance expense primarily due to a \$3.1 million increase in planned compressor overhaul maintenance and a \$4.0 million increase in remediation expenses.
- a \$13.3 million decrease in the cost of natural gas and NGLs for the Williston Basin segment due to the reclassification of amounts under certain percent-of-proceeds arrangements under Topic 606 that were previously recognized in gathering services and related fees.
- a \$8.5 million decrease in depreciation and amortization primarily due to the impairment of certain intangible and long-lived assets relating to the Bison Midstream system in the Williston Basin segment recognized in the fourth quarter of 2017.

Cost of Natural Gas and NGLs. Cost of natural gas and NGLs decreased \$44.2 million during the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily driven by lower natural gas, NGL and crude oil marketing activity.

Cost of natural gas and NGLs increased \$50.4 million during the year ended December 31, 2018 compared to the year ended December 31, 2017, primarily reflecting:

- a \$63.7 million increase in natural gas, NGLs, crude oil and condensate purchases driven by increased natural gas, NGL and crude oil marketing activity for the Piceance Basin, DJ Basin, Barnett Shale and Williston Basin segments.
- the reclassification of \$13.3 million in cost of natural gas and NGLs for the Williston Basin segment under certain percent-of-proceeds arrangements previously recognized in gathering services and related fees, which is presented net in cost of natural gas and NGLs under Topic 606.

Operation and Maintenance. Operation and maintenance expense decreased \$2.3 million for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Operation and maintenance expense increased \$7.1 million for the year ended December 31, 2018 compared to the year ended December 31, 2017, primarily due to a \$3.1 million increase in planned compressor overhaul maintenance and a \$4.0 million increase in remediation expenses.

General and Administrative. General and administrative expense increased \$1.0 million for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily due to a \$7.5 million increase in severance and restructuring expenses partially offset by lower headcount associated with our cost cutting initiatives and lower performance-based compensation.

General and administrative expense decreased \$1.4 million for the year ended December 31, 2018 compared to the year ended December 31, 2017, primarily reflecting a decrease in information technology expense of \$1.3 million and an increase in capitalized labor of \$0.7 million associated with the continued development of Summit Permian and the DJ Basin. For additional information, see the “Corporate and Other Overview of the Years Ended December 31, 2019, 2018 and 2017” sections herein.

Depreciation and Amortization. The increase in depreciation and amortization expense during 2019 compared to the year ended December 31, 2018 was primarily due to the assets placed into service in the Permian Basin. The decrease in depreciation and amortization expense during 2018 compared to the year ended December 31, 2017 was primarily due to the impairment of certain intangible and long-lived assets on the Bison Midstream system in the Williston Basin segment recognized in the fourth quarter of 2017.

Transaction Costs. Transaction costs recognized during the year ended December 31, 2019 primarily relate to \$2.1 million in financial advisory costs associated with restructuring the equity of certain subsidiaries in 2019.

Interest Expense. The increase in interest expense in the year ended December 31, 2019 compared to the year ended December 31, 2018, was primarily due to a higher average outstanding balance on the Revolving Credit Facility. The increase was partially offset by a lower outstanding balance on the Term Loan B.

The decrease in interest expense in 2018 compared to the year ended December 31, 2017, was as a result of (i) the tender and redemption of the \$300.0 million principal 7.5% Senior Notes, (ii) the issuance of 300,000 Series A Preferred Units in November 2017 whereby the net proceeds were used to repay outstanding borrowings under our Revolving Credit Facility, (iii) a lower average outstanding balance on the Revolving Credit Facility and (iv) a lower outstanding balance on the Term Loan B. The decrease was partially offset by the interest associated with issuance of the \$500.0 million principal 5.75% Senior Notes and an increase in the interest rate on the Revolving Credit Facility.

Early Extinguishment of Debt. The early extinguishment of debt recognized during the year ended December 31, 2017 was driven by the tender and redemption of the \$300.0 million principal 7.5% Senior Notes.

For additional information, see the “Segment Overview for the Years Ended December 31, 2019, 2018 and 2017” and “Corporate and Other Overview for the Years Ended December 31, 2019, 2018 and 2017” sections herein and “Business – Recent Developments.”

Segment Overview for the Years Ended December 31, 2019, 2018 and 2017

Utica Shale. The Utica Shale reportable segment includes the Summit Utica system. Volume throughput for our Summit Utica system follows.

	Utica Shale				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
Average daily throughput (MMcf/d)	273	359	365	(24%)	(2%)

Volume throughput declined compared to the year ended December 31, 2018 due to natural production declines from existing wells on pad sites connected to the Summit Utica, partially offset by the completion of new wells at the end of the fourth quarter of 2018 and throughout 2019. In addition, volume throughput was impacted by an increase in temporary production curtailments associated with infill drilling, completion activity and other operational downtime associated with customers on existing pad sites.

Volume throughput decreased during 2018 due to natural declines from existing wells on pad sites connected to the Summit Utica system together with temporary production curtailments associated with infill drilling and completion activity from customers on existing pad sites, partially offset by the completion of new wells during 2017 and in 2018. In addition, the TPL-7 connector project was commissioned in the first quarter of 2017 which partially offset volume declines in 2018 due to a full year of operations.

Financial data for our Utica Shale reportable segment follows.

	Utica Shale				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
(Dollars in thousands)					
Revenues:					
Gathering services and related fees	\$31,926	\$35,233	\$38,907	(9%)	(9%)
Other revenues	2,065	—	—	*	*
Total revenues	<u>33,991</u>	<u>35,233</u>	<u>38,907</u>	(4%)	(9%)
Costs and expenses:					
Operation and maintenance	4,151	4,556	4,487	(9%)	2%
General and administrative	530	374	409	42%	(9%)
Depreciation and amortization	7,659	7,672	7,009	(0%)	9%
Loss on asset sales, net	—	5	542	*	*
Long-lived asset impairment	—	1,440	878	*	*
Total costs and expenses	<u>12,340</u>	<u>14,047</u>	<u>13,325</u>	(12%)	5%
Add:					
Depreciation and amortization	7,659	7,672	7,009		
Adjustments related to capital reimbursement activity	(18)	(18)	—		
Loss on asset sales, net	—	5	542		
Long-lived asset impairment	—	1,440	878		
Segment adjusted EBITDA	<u>\$29,292</u>	<u>\$30,285</u>	<u>\$34,011</u>	(3%)	(11%)

* Not considered meaningful

Year ended December 31, 2019. Segment adjusted EBITDA decreased \$1.0 million compared to the year ended December 31, 2018, primarily reflecting:

- a \$3.3 million decrease in gathering services and related fees due to the volume throughput declines discussed above partially offset by a more favorable volume and gathering rate mix from customers.
- a \$2.1 million increase in other revenues due to the release of an acreage dedication to one of our customers.

Year ended December 31, 2018. Segment adjusted EBITDA decreased \$3.7 million compared to the year ended December 31, 2017, primarily reflecting:

- a \$3.7 million decrease in gathering services and related fees from a lower gathering rate mix associated with increasing volumes from the TPL-7 connector project, which was commissioned in the first quarter of 2017, along with a decrease in volume throughput from wells that we gather from pad sites on the Summit Utica system and temporary production curtailments. The decrease was partially offset by an increase in volume throughput associated with new wells completed in 2017 and 2018.

Ohio Gathering. The Ohio Gathering reportable segment includes OGC and OCC. We account for our investment in Ohio Gathering using the equity method. We recognize our proportionate share of earnings or loss in net income on a one-month lag based on the financial information available to us during the reporting period.

Gross volume throughput for Ohio Gathering, based on a one-month lag follows.

	Ohio Gathering				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
Average daily throughput (MMcf/d)	732	769	766	(5%)	*

* Not considered meaningful

Volume throughput for the Ohio Gathering system in 2019 decreased compared to the year ended December 31, 2018 as a result of natural production declines on existing wells on the system, partially offset by the completion of new wells.

Volume throughput for the Ohio Gathering system in 2018 increased slightly compared to the year ended December 31, 2017 as a result of increased drilling activity from our customers during the second half of 2017 and in 2018, partially offset by natural production declines on existing wells on the system.

Financial data for our Ohio Gathering reportable segment, based on a one-month lag follows.

	Ohio Gathering				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
	(Dollars in thousands)				
Proportional adjusted EBITDA for equity method investees	\$39,126	\$39,969	\$41,246	(2%)	(3%)
Segment adjusted EBITDA	\$39,126	\$39,969	\$41,246	(2%)	(3%)

Year ended December 31, 2019. Segment adjusted EBITDA for equity method investees decreased \$0.8 million compared to the year ended December 31, 2018.

Other items to note:

- In the fourth quarter of 2019, we impaired our equity method investment in Ohio Gathering (see Note 8 to the consolidated financial statements). The impairment had no impact on segment adjusted EBITDA for the year ended December 31, 2019.

Year ended December 31, 2018. Segment adjusted EBITDA for equity method investees decreased \$1.3 million compared to the year ended December 31, 2017, primarily as a result of higher expenses, partially offset by higher volumes at OGC and OCC.

Williston Basin. The Polar and Divide, Tioga Midstream (through March 22, 2019; refer to Note 17 to the consolidated financial statements for details on the sale of Tioga Midstream) and Bison Midstream systems provide our midstream services for the Williston Basin reportable segment. Volume throughput for our Williston Basin reportable segment follows.

	Williston Basin				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
Aggregate average daily throughput - natural gas (MMcf/d)	12	18	19	(33%)	(5%)
Aggregate average daily throughput - liquids (Mbbbl/d)	105.3	94.9	75.2	11%	26%

Natural gas. Natural gas volume throughput in 2019 decreased compared to the year ended December 31, 2018, primarily reflecting natural production declines, the sale of Tioga Midstream and operational downtime on the Bison Midstream system. Natural gas volume throughput in 2018 decreased compared to the year ended December 31, 2017, primarily reflecting natural production declines.

Liquids. The increase in liquids volume throughput in 2019 compared to the year ended December 31, 2018, primarily reflected well drilling and completion activity by existing customers on our Polar and Divide system in 2018 and in 2019 as well as the addition of a new customer, partially offset by the sale of Tioga Midstream and natural production declines.

The increase in liquids volume throughput in 2018 compared to the year ended December 31, 2017 primarily reflected well completion activity by existing customers on our Polar and Divide system in the second half of 2017 and in 2018 as well as the addition of new customers.

Financial data for our Williston Basin reportable segment follows.

	Williston Basin				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
	(Dollars in thousands)				
Revenues:					
Gathering services and related fees	\$ 77,626	\$ 79,606	\$ 120,717	(2%)	(34%)
Natural gas, NGLs and condensate sales	16,461	31,840	29,724	(48%)	7%
Other revenues	11,564	12,204	11,062	(5%)	10%
Total revenues	<u>105,651</u>	<u>123,650</u>	<u>161,503</u>	(15%)	(23%)
Costs and expenses:					
Cost of natural gas and NGLs	5,821	18,284	30,004	(68%)	(39%)
Operation and maintenance	27,172	25,300	25,058	7%	1%
General and administrative	1,493	2,089	2,335	(29%)	(11%)
Depreciation and amortization	19,829	22,642	33,772	(12%)	(33%)
(Gain) loss on asset sales, net	(1,177)	63	(22)	*	*
Long-lived asset impairment	10	3,972	187,127	*	*
Total costs and expenses	<u>53,148</u>	<u>72,350</u>	<u>278,274</u>	(27%)	*
Add:					
Depreciation and amortization	19,829	22,642	33,772		
Adjustments related to MVC shortfall payments	—	—	(37,693)		
Adjustments related to capital reimbursement activity	(1,728)	(1,276)	—		
(Gain) loss on asset sales, net	(1,177)	63	(22)		
Long-lived asset impairment	10	3,972	187,127		
Segment adjusted EBITDA	<u>\$ 69,437</u>	<u>\$ 76,701</u>	<u>\$ 66,413</u>	(9%)	15%

* Not considered meaningful

Year ended December 31, 2019. Segment adjusted EBITDA decreased \$7.3 million compared to the year ended December 31, 2018 primarily reflecting:

- a decrease of \$7.6 million of segment adjusted EBITDA contributed by the Tioga Midstream system compared to the year ended December 31, 2018 due to the sale of Tioga Midstream on March 22, 2019. We also experienced lower natural gas volume throughput primarily reflecting natural production declines and operational downtime on the Bison Midstream system. The operational downtime began with third party maintenance on infrastructure located downstream of the Bison Midstream system, which created an operational disruption on the Bison Midstream system for approximately 15 days during the second quarter and continued to impact throughput capacity through August 2019. This was partially offset by higher liquids volume throughput on our Polar and Divide system due to increased drilling and completion activity in 2018 and throughout 2019.
- a \$1.9 million increase in operation and maintenance expense primarily related to an increase in environmental remediation costs.

Other items to note:

- On March 22, 2019, we sold the Tioga Midstream system and recorded a gain on sale of \$0.9 million based on the difference between the consideration received and the then carrying value for Tioga Midstream at closing. The financial results of Tioga Midstream are included in our consolidated financial statements for the period from January 1, 2019 through March 22, 2019.

Year ended December 31, 2018. Segment adjusted EBITDA increased \$10.3 million compared to the year ended December 31, 2017, primarily reflecting an increase in liquids volume throughput on our Polar and Divide system and \$1.6 million in fees attributable to our Dakota Access Pipeline interconnect which was commissioned in the second quarter of 2017.

Other items to note:

- The decrease in the cost of natural gas and NGLs includes a \$13.3 million reduction in expense due to the reclassification of amounts under certain percent-of-proceeds arrangements previously recognized in gathering services and related fees under Topic 606 (see Note 3 in the consolidated financial statements).
- In the fourth quarter of 2018, we impaired certain long-lived assets relating to the Tioga Midstream system in the Williston Basin (see Note 5 to the consolidated financial statements). The impairment had no impact on segment adjusted EBITDA for the year ended December 31, 2018.
- Depreciation and amortization decreased during 2018 largely as a result of the long-lived asset impairment recognized in 2017.

DJ Basin. The Niobrara G&P system provides midstream services for the DJ Basin reportable segment. Volume throughput for our DJ Basin reportable segment follows.

	DJ Basin				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
Average daily throughput (MMcf/d)	27	17	13	59%	31%

Volume throughput in 2019 increased compared to the year ended December 31, 2018, primarily as a result of ongoing drilling and completion activity across our service area partially offset by natural production declines.

Volume throughput in 2018 increased compared to the year ended December 31, 2017, primarily as a result of ongoing drilling and completion activity across our service area.

Financial data for our DJ Basin reportable segment follows.

	DJ Basin				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
(Dollars in thousands)					
Revenues:					
Gathering services and related fees	\$21,940	\$11,251	\$ 8,918	95%	26%
Natural gas, NGLs and condensate sales	389	371	398	5%	(7%)
Other revenues	3,721	3,672	2,544	1%	44%
Total revenues	26,050	15,294	11,860	70%	29%
Costs and expenses:					
Cost of natural gas and NGLs	34	45	17	(24%)	165%
Operation and maintenance	7,616	6,482	5,001	17%	30%
General and administrative	315	647	218	(51%)	197%
Depreciation and amortization	3,732	3,133	2,636	19%	19%
Loss on asset sales	—	—	3	*	*
Long-lived asset impairment	34,913	9	—	*	*
Total costs and expenses	46,610	10,316	7,875	352%	31%
Add:					
Depreciation and amortization	3,732	3,133	2,636		
Adjustments related to capital reimbursement activity	583	(562)	—		
Loss on asset sales	—	—	3		
Long-lived asset impairment	34,913	9	—		
Segment adjusted EBITDA	\$18,668	\$ 7,558	\$ 6,624	147%	14%

* Not considered meaningful

Year ended December 31, 2019. Segment adjusted EBITDA increased \$11.1 million compared to the year ended December 31, 2018, primarily reflecting:

- a \$10.7 million increase in gathering services and related fees primarily as a result of volume growth from ongoing drilling and completion activity, a more favorable volume and gathering rate mix from customers, and the commissioning of our new natural gas processing plant in June 2019. This was partially offset by natural production declines.
- a \$1.1 million increase in operation and maintenance expense primarily due to higher costs to support volume growth.

Other items to note:

- During the quarter ended March 31, 2019, we impaired certain long-lived assets in the DJ Basin (see Note 5 to the consolidated financial statements). The impairment had no impact on segment adjusted EBITDA for the year ended December 31, 2019.

Year ended December 31, 2018. Segment adjusted EBITDA increased \$0.9 million compared to the year ended December 31, 2017, primarily reflecting:

- an increase in gathering services and related fees primarily as a result of volume growth from ongoing drilling and completion activity.
- a \$1.5 million increase in operation and maintenance expense primarily due to \$1.1 million of higher electricity expenses we pass through to certain customers (which is also included in the increase in Other revenues in the table above) in addition to higher operation and maintenance costs to support volume growth.

Permian Basin. The Summit Permian system provides our midstream services for the Permian Basin reportable segment. Volume throughput for our Permian Basin reportable segment follows.

	Permian Basin		Percentage Change 2019 v. 2018 *
	Year ended December 31,		
	2019	2018	
Average daily throughput (MMcf/d)	19	1	

EX 99.2-21

Financial data for our Permian Basin reportable segment follows.

	Permian Basin		
	Year ended December 31,		Percentage Change
	2019	2018	2019 v. 2018
	(In thousands)		
Revenues:			
Gathering services and related fees	\$ 3,610	\$ 115	*
Natural gas, NGLs and condensate sales	16,383	843	*
Other revenues	310	—	*
Total revenues	20,303	958	*
Costs and expenses:			
Cost of natural gas and NGLs	15,113	1,569	*
Operation and maintenance	5,755	428	*
General and administrative	314	161	*
Depreciation and amortization	4,868	243	*
Gain on asset sales, net	(148)	—	*
Long-lived asset impairment	1,327	761	*
Total costs and expenses	27,229	3,162	*
Add:			
Depreciation and amortization	4,868	243	
Gain on asset sales, net	(148)	—	
Long-lived asset impairment	1,327	761	
Segment adjusted EBITDA	\$ (879)	\$ (1,200)	*

* Not considered meaningful

Year ended December 31, 2019. Segment adjusted EBITDA totaled (\$0.9) million primarily reflecting fixed operating costs associated with commissioning and operating the Lane processing plant and certain inefficiencies and higher fuel costs associated with lower plant utilization and initial production volumes.

Other items to note:

In December 2019, we impaired certain long-lived assets in the Permian Basin (see Notes 5 and 6 to the consolidated financial statements). The impairment had no impact on segment adjusted EBITDA for the year ended December 31, 2019.

Year ended December 31, 2018. Segment adjusted EBITDA totaled (\$1.2) million primarily reflecting less than one month's volume throughput of the Summit Permian natural gas gathering and processing system commissioned in December 2018 as well as operational and general and administrative expenses incurred during the year.

Piceance Basin. The Grand River system provides midstream services for the Piceance Basin reportable segment. Volume throughput for our Piceance Basin reportable segment follows.

	Piceance Basin				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
Aggregate average daily throughput (MMcf/d)	452	551	582	(18%)	(5%)

EX 99.2-22

Volume throughput decreased compared to the year ended December 31, 2018, as a result of natural production declines.

Volume throughput decreased compared to the year ended December 31, 2017, as a result of natural production declines, partially offset by drilling and completion activity that occurred across our service area during the second half of 2017 and through the third quarter of 2018.

Financial data for our Piceance Basin reportable segment follows.

	Piceance Basin				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
	(Dollars in thousands)				
Revenues:					
Gathering services and related fees	\$121,357	\$135,810	\$136,834	(11%)	(1%)
Natural gas, NGLs and condensate sales	7,954	14,800	13,452	(46%)	10%
Other revenues	4,327	4,909	4,607	(12%)	7%
Total revenues	<u>133,638</u>	<u>155,519</u>	<u>154,893</u>	(14%)	0%
Costs and expenses:					
Cost of natural gas and NGLs	5,612	9,591	7,952	(41%)	21%
Operation and maintenance	27,306	33,947	30,143	(20%)	13%
General and administrative	1,009	1,168	2,617	(14%)	(55%)
Depreciation and amortization	47,018	46,919	46,289	*	1%
Loss on asset sales, net	104	—	—	*	*
Long-lived asset impairment	14,162	1,004	697	*	*
Total costs and expenses	<u>95,211</u>	<u>92,629</u>	<u>87,698</u>	3%	6%
Add:					
Depreciation and amortization	47,018	46,919	46,289		
Adjustments related to MVC shortfall payments	(103)	10	(3,068)		
Adjustments related to capital reimbursement activity	(843)	219	—		
Loss on asset sales, net	104	—	—		
Long-lived asset impairment	14,162	1,004	697		
Segment adjusted EBITDA	<u>\$ 98,765</u>	<u>\$ 111,042</u>	<u>\$ 111,113</u>	(11%)	(0%)

* Not considered meaningful

Year ended December 31, 2019. Segment adjusted EBITDA decreased \$12.3 million compared to the year ended December 31, 2018, primarily reflecting:

- a \$14.5 million decrease in gathering services and related fees as a result of natural production declines.
- a \$2.9 million decrease in natural gas, NGLs and condensate activity (sales and purchases) as a result of lower volume throughput and lower commodity prices associated with the sale of NGLs and condensate.
- a \$6.6 million decrease in operation and maintenance expense primarily due to a \$3.3 million reduction in planned compressor overhaul maintenance costs and \$2.2 million in lower compensation expense.

Other items to note:

- In December 2019, we sold certain assets from our Red Rock Gathering system and recorded an impairment charge of \$14.2 million based on the difference between the consideration received and the then carrying value of the assets at closing. The noncash impairment expense had no impact on segment adjusted EBITDA for the year ended December 31, 2019.

Year ended December 31, 2018. Segment adjusted EBITDA decreased \$0.1 million compared to the year ended December 31, 2017, primarily reflecting:

- a \$3.8 million increase in operation and maintenance expense primarily due to planned compressor overhaul maintenance costs during the period.
- a \$1.5 million decrease in general and administrative expenses.
- a \$2.3 million increase, after taking into account the adjustments related to MVC shortfall payments and adjustments related to capital reimbursement activity, in gathering services and related fees primarily as a result of the drilling and completion activity that occurred across our service area by other customers during the second half of 2017 and through the third quarter of 2018, and a \$1.0 million MVC shortfall payment received from a customer in 2018 that did not occur in 2017, partially offset by natural production declines.

Barnett Shale. The DFW Midstream system provides our midstream services for the Barnett Shale reportable segment.

Volume throughput for our Barnett Shale reportable segment follows.

	Barnett Shale				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
Average daily throughput (MMcf/d)	251	253	267	(1%)	(5%)

Volume throughput decreased slightly compared to the year ended December 31, 2018 reflecting natural production declines partially offset by new volumes from well completion activity throughout 2019.

Volume throughput declined compared to the year ended December 31, 2017 reflecting natural production declines, partially offset by new volumes from completion activity during the fourth quarter of 2017, first quarter of 2018 and the fourth quarter of 2018.

Financial data for our Barnett Shale reportable segment follows.

	Barnett Shale				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
	(Dollars in thousands)				
Revenues:					
Gathering services and related fees	\$47,862	\$59,030	\$61,622	(19%)	(4%)
Natural gas, NGLs and condensate sales	17,147	2,523	1,946	580%	30%
Other revenues (1)	6,793	6,712	8,099	1%	(17%)
Total revenues	<u>71,802</u>	<u>68,265</u>	<u>71,667</u>	5%	(5%)
Costs and expenses:					
Cost of natural gas and NGLs	10,751	—	—	*	*
Operation and maintenance	21,729	21,358	23,074	2%	(7%)
General and administrative	968	971	1,146	(0%)	(15%)
Depreciation and amortization	15,354	15,658	15,604	(2%)	0%
(Gain) loss on asset sales, net	(325)	(68)	4	*	*
Long-lived asset impairment	10,095	—	—	*	*
Total costs and expenses	<u>58,572</u>	<u>37,919</u>	<u>39,828</u>	54%	(5%)
Add:					
Depreciation and amortization	16,575	15,325	15,001		
Adjustments related to MVC shortfall payments	3,579	(3,642)	(612)		
Adjustments related to capital reimbursement activity	(111)	1,307	—		
(Gain) loss on asset sales, net	(325)	(68)	4		
Long-lived asset impairment	10,095	—	—		
Segment adjusted EBITDA	<u>\$43,043</u>	<u>\$43,268</u>	<u>\$46,232</u>	(1%)	(6%)

* Not considered meaningful

(1) Includes the amortization expense associated with our favorable and unfavorable gas gathering contracts as reported in other revenues.

Year ended December 31, 2019. Segment adjusted EBITDA decreased \$0.2 million compared to the year ended December 31, 2018.

Other items to note:

- Impacting 2019 revenues was the presentation of \$4.5 million of gathering services as a reduction to cost of natural gas and NGLs due to the assignment of certain marketing arrangements from Corporate and Other to our DFW Midstream operations.
- In March 2019, we impaired certain long-lived assets in the Barnett Shale (see Note 5 to the consolidated financial statements). The noncash impairment expense had no impact on segment adjusted EBITDA for the year ended December 31, 2019.

Year ended December 31, 2018. Segment adjusted EBITDA decreased \$3.0 million compared to the year ended December 31, 2017, primarily reflecting:

- a \$4.3 million decrease, after taking into account the adjustments related to MVC shortfall payments and adjustments related to capital reimbursement activity, in gathering services and related fees associated with the expiration of MVCs during 2017 of \$3.6 million in addition to lower volume throughput.
- a \$1.7 million decrease in operation and maintenance expense primarily from \$1.3 million of lower electricity expenses associated with lower volume throughput and a decrease in tax expenses.

Marcellus Shale. The Mountaineer Midstream system provides our midstream services for the Marcellus Shale reportable segment.

Volume throughput for the Marcellus Shale reportable segment follows.

	Marcellus Shale				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
Average daily throughput (MMcf/d)	363	474	502	(23%)	(6%)

Volume throughput decreased compared to the year ended December 31, 2018, primarily due to natural production declines partially offset by additional drilling and completion activities.

Volume throughput decreased compared to the year ended December 31, 2017, primarily due to natural production declines. These declines were partially offset by volumes generated by the completion, in the second half of 2017 and first quarter of 2018, of a number of drilled but uncompleted (“DUC”) wells.

Financial data for our Marcellus Shale reportable segment follows.

	Marcellus Shale				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
(Dollars in thousands)					
Revenues:					
Gathering services and related fees	\$24,471	\$29,573	\$30,394	(17%)	(3%)
Total revenues	24,471	29,573	30,394	(17%)	(3%)
Costs and expenses:					
Operation and maintenance	3,861	4,813	6,057	(20%)	(21%)
General and administrative	521	397	449	31%	(12%)
Depreciation and amortization	9,141	9,090	9,047	1%	0%
Goodwill impairment	16,211	—	—	*	*
Total costs and expenses	29,734	14,300	15,553	108%	(8%)
Add:					
Depreciation and amortization	9,141	9,090	9,047		
Goodwill impairment	16,211	—	—		
Adjustments related to capital reimbursement activity	(38)	(96)	—		
Segment adjusted EBITDA	\$20,051	\$24,267	\$23,888	(17%)	2%

* Not considered meaningful

Year ended December 31, 2019. Segment adjusted EBITDA decreased \$4.2 million compared to the year ended December 31, 2018, primarily reflecting:

- a \$5.1 million decrease in gathering services and related fees as a result of volume declines partially offset by additional drilling and completion activities.
- a \$1.0 million decrease in operation and maintenance expense primarily due to a decrease in various operating expenses.

Other items to note:

- In September 2019, we recorded a goodwill impairment charge of \$16.2 million relating to the Mountaineer Midstream system in the Marcellus Shale (see Note 7 to the consolidated financial statements). This noncash impairment expense had no impact on segment adjusted EBITDA for the year ended December 31, 2019.

Year ended December 31, 2018. Segment adjusted EBITDA increased \$0.4 million compared to the year ended December 31, 2017, primarily reflecting:

- a \$0.8 million decrease in gathering services and related fees as a result of volume declines.
- a \$1.2 million decrease in operation and maintenance expense primarily due to declines in expenses for repairs to right-of-way of \$0.9 million and lower property taxes of \$0.7 million during the period.

Corporate and Other Overview for the Years Ended December 31, 2019, 2018 and 2017

Corporate and Other represents those results that are not specifically attributable to a reportable segment or that have not been allocated to our reportable segments, including certain general and administrative expense items, natural gas and crude oil marketing services, transaction costs, interest expense and the early extinguishment of debt.

	Corporate and Other				
	Year ended December 31,			Percentage Change	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
	(Dollars in thousands)				
Revenues:					
Total revenues	\$27,622	\$78,161	\$19,517	*	*
Costs and expenses:					
Cost of natural gas and NGLs	26,107	78,172	19,264	*	*
General and administrative	50,797	49,175	49,162	3%	0%
Transaction costs	3,017	—	50		
Interest expense	91,966	82,830	88,701	11%	(7%)
Early extinguishment of debt (1)	—	—	22,039	*	*

* Not considered meaningful

(1) Early extinguishment of debt includes \$17.9 million paid for redemption and call premiums, as well as \$4.1 million of unamortized debt issuance costs which were written off in connection with the repurchase of the outstanding \$300.0 million 7.5% Senior Notes in the first quarter of 2017.

Total Revenues. Total revenues attributable to Corporate and Other was due to natural gas, NGL and crude oil marketing services (primarily natural gas sales). The decrease of \$50.5 million compared to the year ended December 31, 2018 was attributable to lower natural gas, NGL and crude oil marketing activity.

The increase of \$58.6 million compared to the year ended December 31, 2017 was attributable to higher natural gas, NGL and crude oil marketing activity.

Cost of Natural Gas and NGLs. Cost of natural gas and NGLs attributable to Corporate and Other was due to natural gas, NGL and crude oil marketing services. The decrease of \$52.1 million compared to the year ended December 31, 2018 was attributable to lower marketing activity.

The increase of \$58.9 million compared to the year ended December 31, 2017 was attributable to higher marketing activity.

General and Administrative. General and administrative expense increased \$1.6 million compared to the year ended December 31, 2018, primarily due to a \$7.5 million increase in severance and restructuring expenses partially offset by lower headcount associated with our cost cutting initiatives and lower performance-based compensation.

General and administrative expense were flat compared to the year ended December 31, 2017.

Transaction costs. Transaction costs recognized during the year ended December 31, 2019 primarily relate to \$2.1 million in financial advisory costs associated with restructuring the equity of certain subsidiaries in 2019.

Interest Expense. Interest expense increased \$9.1 million compared to the year ended December 31, 2018 primarily as a result of a higher average outstanding balance on the Revolving Credit Facility. The increase was partially offset by a lower outstanding balance on the Term Loan B.

Interest expense decreased \$5.9 million compared to the year ended December 31, 2017 as a result of (i) the tender and redemption of the \$300.0 million principal 7.5% Senior Notes, (ii) the issuance of 300,000 Series A Preferred Units in November 2017 whereby the net proceeds were used to repay outstanding borrowings under our Revolving Credit Facility, (iii) a lower average outstanding balance on the Revolving Credit Facility and (iv) a lower outstanding balance on the Term Loan B. The decrease was partially offset by the interest associated with issuance of the \$500.0 million principal 5.75% Senior Notes and an increase in the interest rate on the Revolving Credit Facility.

Early Extinguishment of Debt. The early extinguishment of debt recognized during the year ended December 31, 2017 was driven by the tender and redemption of the \$300.0 million principal amount of 7.5% Senior Notes.

Summarized Financial Information

On March 2, 2020, the SEC issued Final Rule Release No. 33-10762, *Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities* ("Release 33-10762"), that amends the disclosure requirements related to certain registered securities that are guaranteed and those that are collateralized by the securities of an affiliate.

Under Release 33-10762, an SEC registrant may continue to omit separate financial statements of subsidiary issuers and guarantors when (1) the subsidiary issuer is consolidated with the parent company and its security is either (a) co-issued jointly and severally with the parent company's security or (b) the subsidiary issuer's security is fully and unconditionally guaranteed by the parent company and (2) the parent company provides supplemental financial and non-financial disclosure about the subsidiary issuers and/or guarantors and the guaranteees.

The rules become effective January 4, 2021, with voluntary compliance permitted immediately. The Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by SMLP and the Guarantor Subsidiaries (see Note 9 to the unaudited condensed consolidated financial statements). SMLP has concluded that it is eligible to provide Alternative Disclosures under the amended disclosure requirements and has early adopted Release 33-10762 in this Exhibit 99.2 on Form 8-K as of and for the year ended December 31, 2019.

The supplemental summarized financial information below reflects SMLP's separate accounts, the combined accounts of Summit Holdings and its 100% owned finance subsidiary, Finance Corp (the "Co-Issuers") and the Guarantor Subsidiaries (the Co-Issuers and, together with the Guarantor Subsidiaries, the "Obligor Group") for the dates and periods indicated. The financial information of the Obligor Group is presented on a combined basis and intercompany balances and transactions between the Co-Issuers and Guarantor Subsidiaries have been eliminated. There were no reportable transactions between the Co-Issuers and Obligor Group and the subsidiaries that were not issuers or guarantors of the Senior Notes.

Payments to holders of the Senior Notes are affected by the composition of and relationships among the Co-Issuers, the Guarantor Subsidiaries and Permian Holdco and Summit Permian Transmission, who are unrestricted subsidiaries of SMLP and are not issuers or guarantors of the Senior Notes. The assets of our unrestricted subsidiaries are not available to satisfy the demands of the holders of the Senior Notes. In addition, our unrestricted subsidiaries are subject to certain contractual restrictions related to the payment of dividends, and other rights in favor of their non-affiliated stakeholders, that limit their ability to satisfy the demands of the holders of the Senior Notes.

A list of each of SMLP's subsidiaries that is a guarantor, issuer or co-issuer of our registered securities subject to the reporting requirements in Release 33-10762 is filed as Exhibit 22.1 to our Quarterly Report for the three months ended March 31, 2020 on Form 10-Q filed with the Securities and Exchange Commission on May 8, 2020.

Summarized Balance Sheet Information. Summarized balance sheet information as of December 31, 2019 follow.

	<u>December 31, 2019</u>	
	<u>SMLP</u>	<u>Obligor Group</u>
	(In thousands)	
Assets		
Current assets	\$ 7,396	\$ 104,964
Noncurrent assets	9,835	2,389,032
Liabilities		
Current liabilities	\$ 14,527	\$ 69,177
Noncurrent liabilities	163,163	1,514,250

Summarized Statements of Operations Information. For the purposes of the following summarized statements of operations, we allocate a portion of general and administrative expenses recognized at the SMLP parent to the Obligor Group to reflect what those entities' results would have been had they operated on a stand-alone basis. Summarized statements of operations for the year ended December 31, 2019 follow.

	<u>Year ended December 31, 2019</u>	
	<u>SMLP</u>	<u>Obligor Group</u>
	(In thousands)	
Total revenues	\$ —	\$ 443,528
Total costs and expenses	8,719	397,939
Loss before income taxes and loss from equity method investees	(25,805)	(28,840)
Loss from equity method investees (1)	—	(336,950)
Net loss	(27,036)	(365,790)

- (1) Amount includes a \$329.7 million impairment of our equity method investment in Ohio Gathering and a \$6.3 million impairment of long-lived assets in OCC.

Liquidity and Capital Resources

Based on the terms of our Partnership Agreement, we expect that we will make distributions to our unitholders with cash generated by our operations. As a result, we expect to fund future capital expenditures from cash and cash equivalents on hand, cash flows generated from our operations, borrowings under our Revolving Credit Facility, future issuances of debt, preferred equity and equity securities and proceeds from potential asset divestitures.

Capital Markets Activity

January 2020 Shelf Registration Statement. In November 2019, we filed the 2020 SRS which registered an indeterminate amount of common units, preferred units, warrants, rights, debt securities and guarantees. In January 2020, the SEC declared the 2020 SRS effective. There have been no transactions executed on the 2020 SRS.

July 2017 Shelf Registration Statement. In July 2017, we filed the 2017 SRS with the SEC to issue an indeterminate amount of debt, equity securities and guarantees. In November 2017, we filed a post-effective amendment to the 2017 SRS with the SEC to register, in addition to the classes of securities originally registered, an indeterminate amount of preferred units representing limited partner interests in the Partnership. The 2017 SRS expires in July 2020. However, we are no longer a well-known seasoned issuer and are therefore not able to use the 2017 SRS.

The following transaction was executed pursuant thereto:

- In November 2017, we issued 300,000 9.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units representing limited partner interests in the Partnership at a price to the public of \$1,000 per unit. We used the net proceeds of \$293.2 million (after deducting underwriting discounts and offering expenses) to repay outstanding borrowings under our Revolving Credit Facility.

November 2016 Shelf Registration Statement. In October 2016, we filed the 2016 SRS and in November 2016, the SEC declared it effective. The following transactions have been executed pursuant thereto:

- In February 2017, we completed a secondary public offering of 4,000,000 SMLP common units held by a subsidiary of Summit Investments in accordance with our obligations under our Partnership Agreement. We did not receive any proceeds from this secondary offering.
- In February 2017, we executed a new equity distribution agreement and filed a prospectus supplement with the SEC for the issuance and sale from time to time of SMLP common units having an aggregate offering price of up to \$150.0 million (the “ATM Program”). Sales of our common units may be made in negotiated transactions or transactions that are deemed to be at-the-market offerings as defined by SEC rules. During the years ended December 31, 2019 and 2018, we did not issue any units under the ATM Program. During the year ended December 31, 2017, we issued 763,548 units under the ATM Program for aggregate gross proceeds of \$17.7 million, and paid approximately \$0.2 million as compensation to the sales agents pursuant to the terms of the equity distribution agreement. Our General Partner made capital contributions to maintain its approximate 2% General Partner interest in SMLP.

The 2016 SRS expired in November 2019.

Debt

Revolving Credit Facility. We have a \$1.25 billion senior secured Revolving Credit Facility. On May 26, 2017, Summit Holdings closed on the Third Amended and Restated Credit Agreement which extended the maturity from November 2018 to May 2022 (see Note 10 to the consolidated financial statements). As of December 31, 2019, the outstanding balance of the Revolving Credit Facility was \$677.0 million and the unused portion totaled \$563.9 million, after giving effect to the issuance thereunder of a \$9.1 million outstanding but undrawn irrevocable standby letter of credit. Based on covenant limits, our available borrowing capacity under the Revolving Credit Facility as of December 31, 2019 was approximately \$100 million. There were no defaults or events of default during 2019, and as of December 31, 2019, we were in compliance with the financial covenants in the Revolving Credit Facility. See Notes 10 and 16 to the consolidated financial statements for more information on the Revolving Credit Facility and the issuance of the \$9.1 million letter of credit, respectively.

Senior Notes. In February 2017, the Co-Issuers co-issued \$500.0 million of 5.75% Senior Notes. In July 2014, the Co-Issuers co-issued \$300.0 million of 5.50% Senior Notes. There were no defaults or events of default as of and for the year ended December 31, 2019 on either series of senior notes.

SMP Holdings Term Loan. On March 21, 2017, SMP Holdings closed on a \$300.0 million senior secured term loan facility, (the “Term Loan B”) with the maturity date of May 15, 2022. At December 31, 2019, the outstanding balance of the Term Loan B was \$161.5 million and we were in compliance the Term Loan B’s financial covenants. There were no defaults or events of default during the year ended December 31, 2019.

For additional information on our long-term debt, see Notes 10 and 18 to the consolidated financial statements.

LIBOR Transition

LIBOR is the basic rate of interest widely used as a reference for setting the interest rates on loans globally. In 2017, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index, the Secured Overnight Financing Rate (“SOFR”), calculated using short-term repurchase agreements backed by Treasury securities. We are evaluating the potential impact of the eventual replacement of the LIBOR benchmark interest rate, however, we are not able to predict whether LIBOR will cease to be available after 2021, whether SOFR will become a widely accepted benchmark in place of LIBOR, or what the impact of such a possible transition to SOFR may be on our business, financial condition and results of operations.

We will need to renegotiate our Revolving Credit Facility to determine the interest rate to replace LIBOR with the new standard that is established. The potential effect of any such event on interest expense cannot yet be determined.

Cash Flows

The components of the net change in cash, cash equivalents and restricted cash were as follows:

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Net cash provided by operating activities	\$ 161,741	\$ 206,230	\$ 213,048
Net cash used in investing activities	(90,870)	(205,298)	(147,886)
Net cash (used in) provided by financing activities	(50,122)	1,645	(63,129)
Net change in cash, cash equivalents and restricted cash	<u>\$ 20,749</u>	<u>\$ 2,577</u>	<u>\$ 2,033</u>

Operating activities. Cash flows from operating activities for the year ended December 31, 2019, primarily reflected:

- a \$7.3 million increase in cash interest payments; and
- other changes in working capital.

Cash flows from operating activities for the year ended December 31, 2018, primarily reflected:

- a \$3.0 million decrease in cash interest payments primarily due to the extinguishment of the 7.5% Senior Notes in the first quarter of 2017;
- a decrease in distributions from equity method investees; and
- other changes in working capital.

Investing activities. Details of cash flows from investing activities follow.

Cash flows used in investing activities during the year ended December 31, 2019 primarily reflected:

- \$182.3 million of capital expenditures primarily attributable to the ongoing development of the DJ Basin of \$80.5 million, Summit Permian of \$45.0 million, the Williston Basin of \$30.9 million and Corporate and Other, which includes \$17.7 million of capital expenditures relating to the Double E Project;
- \$18.3 million for investments in the Double E joint venture relating to the Double E Project;
- \$89.5 million of net proceeds from the Tioga Midstream sale and \$12.0 million of proceeds from the Red Rock Gathering sale; and
- \$7.3 million for a distribution from an equity method investment.

Cash flows used in investing activities during the year ended December 31, 2018 primarily reflected:

- \$200.6 million of capital expenditures primarily attributable to the ongoing development of the Permian Basin of \$83.8 million as well as the continued development in the DJ Basin of \$64.9 million, and the Williston Basin of \$25.2 million; and
- \$4.9 million of capital contributions to Ohio Gathering.

Financing activities. Details of cash flows from financing activities follow.

Cash flows used in financing activities during the year ended December 31, 2019 primarily reflected:

- \$218.1 million of distributions;
- \$211.0 million of net borrowings under our Revolving Credit Facility;
- \$65.3 million of payments on the Term Loan B; and

- \$27.4 of net proceeds from the issuance of Subsidiary Series A Preferred Units.

Cash flows used in financing activities during the year ended December 31, 2018 primarily reflected:

- \$149.4 million of distributions;
- \$205.0 million of net borrowings under our Revolving Credit Facility; and
- \$49.3 million of payments on the Term Loan B.

Contractual Obligations Update

The table below summarizes our contractual obligations as of December 31, 2019.

	Total	Less than 1 year	1-3 years (In thousands)	3-5 years	More than 5 years
Long-term debt and interest payments (1)	\$1,936,866	\$ 91,481	\$1,273,510	\$57,500	\$514,375
Purchase obligations (2)	132,622	132,622	—	—	—
Finance leases (3)	1,991	1,299	692	—	—
Operating leases (3)	4,803	1,705	1,555	648	895
Total contractual obligations	<u>\$2,076,282</u>	<u>\$227,107</u>	<u>\$1,275,757</u>	<u>\$58,148</u>	<u>\$515,270</u>

- (1) For the purpose of calculating future interest on the Revolving Credit Facility and the Term Loan B, assumes no change in balance or rate from December 31, 2019. Includes a 0.50% commitment fee on the unused portion of the Revolving Credit Facility and a 0.125% fronting fee on the outstanding but undrawn irrevocable standby letter of credit. See Note 10 to the consolidated financial statements.
- (2) Represents agreements to purchase goods or services that are enforceable and legally binding.
- (3) See Item 2. Properties and Note 16 to the consolidated financial statements.

Capital Requirements

Our business is capital intensive, requiring significant investment for the maintenance of existing gathering systems and the acquisition or construction and development of new gathering systems and other midstream assets and facilities. Our Partnership Agreement requires that we categorize our capital expenditures as either:

- maintenance capital expenditures, which are cash expenditures (including expenditures for the addition or improvement to, or the replacement of, our capital assets or for the acquisition of existing, or the construction or development of new, capital assets) made to maintain our long-term operating income or operating capacity; or
- expansion capital expenditures, which are cash expenditures incurred for acquisitions or capital improvements that we expect will increase our operating income or operating capacity over the long term.

For the year ended December 31, 2019, cash paid for capital expenditures totaled \$182.3 million (see Note 4 to the consolidated financial statements) which included \$14.2 million of maintenance capital expenditures. For the year ended December 31, 2019, there were no contributions to Ohio Gathering and we contributed \$18.3 million to Double E (see Note 8 to the consolidated financial statements).

For the year ended December 31, 2018, cash paid for capital expenditures totaled \$200.6 million, compared with \$124.2 million for the year ended December 31, 2017 (see Note 4 to the consolidated financial statements). Maintenance capital expenditures totaled \$21.4 million for the year ended December 31, 2018 compared to \$15.6 million for the year ended December 31, 2017. For the year ended December 31, 2018, contributions to equity method investees totaled \$4.9 million, compared with \$25.5 million for the year ended December 31, 2017 (see Note 8 to the consolidated financial statements). The year-over-year increase in cash paid for capital expenditures primarily reflected the expansion of our existing gathering and processing complex in the DJ Basin with the addition of a new 60 MMcf/d cryogenic processing plant in addition to the development of our new associated natural gas gathering and processing system in the Permian Basin.

We rely primarily on internally generated cash flow as well as external financing sources, including commercial bank borrowings and the issuance of debt, equity and preferred equity securities, and proceeds from potential asset divestitures to fund our capital expenditures. We believe that our Revolving Credit Facility, together with internally generated cash flow and access to debt or equity capital markets, will be adequate to finance our business for the foreseeable future without adversely impacting our liquidity.

With the completion of our 60 MMcf/d DJ Basin processing plant and compression expansions in the Permian Basin, capital expenditures began to decline in the third and fourth quarter of 2019. We will remain disciplined with respect to future capital expenditures, which will be primarily concentrated on the Double E Project and accretive expansions of our existing systems in our Core Focus Areas. We continue to advance our financing plans for our equity interest in Double E, which we intend to be credit neutral to Summit. We are currently targeting a financing structure that limits cash payments by us during 2020, and which shifts a substantial majority of our Double E capital commitments to third parties. On December 24, 2019, we entered into an agreement with TPG Energy Solutions Anthem, L.P. (“TPG”) to fund up to \$80 million of Permian Holdco’s future capital calls associated with the Double E Project. Simultaneously, on December 24, 2019, Permian Holdco issued 30,000 Subsidiary Series A Preferred Units to TPG for net proceeds of \$27.3 million.

We estimate that our 2020 capital program will range from \$50 million to \$70 million, including approximately \$10 million related to our equity method investment in Double E.

There are a number of risks and uncertainties that could cause our current expectations to change, including, but not limited to, (i) the ability to reach agreement with third parties; (ii) prevailing conditions and outlook in the natural gas, crude oil and natural gas liquids industries and markets and (iii) our ability to obtain financing from commercial banks, the capital markets, or other financing sources.

Credit and Counterparty Concentration Risks

We examine the creditworthiness of counterparties to whom we extend credit and manage our exposure to credit risk through credit analysis, credit approval, credit limits and monitoring procedures, and for certain transactions, we may request letters of credit, prepayments or guarantees.

Certain of our customers may be temporarily unable to meet their current obligations. While this may cause disruption to cash flows, we believe that we are properly positioned to deal with the potential disruption because the vast majority of our gathering assets are strategically positioned at the beginning of the midstream value chain. The majority of our infrastructure is connected directly to our customers’ wellheads and pad sites, which means our gathering systems are typically the first third-party infrastructure through which our customers’ commodities flow and, in many cases, the only way for our customers to get their production to market.

We have exposure due to nonperformance under our MVC contracts whereby a customer, who was not meeting its MVCs, does not have the wherewithal to make its MVC shortfall payments when they become due. We typically receive payment for all prior-year MVC shortfall billings in the quarter immediately following billing. Therefore, our exposure to risk of nonperformance is limited to and accumulates during the current year-to-date contracted measurement period.

For additional information, see Notes 4, 9 and 11 to the consolidated financial statements.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of or during the year ended December 31, 2019.

Critical Accounting Estimates

We prepare our financial statements in accordance with GAAP. These principles are established by the FASB. We employ methods, estimates and assumptions based on currently available information when recording transactions resulting from business operations. Our significant accounting policies are described in Note 2 to the consolidated financial statements.

The estimates that we deem to be most critical to an understanding of our financial position and results of operations are those related to determination of fair value. The preparation and evaluation of these critical accounting estimates involve

the use of various assumptions developed from management's analyses and judgments. Subsequent experience or use of other methods, estimates or assumptions could produce significantly different results. Our critical accounting estimates are as follows:

Recognition and Impairment of Long-Lived Assets

Our long-lived assets include property, plant and equipment and amortizing intangible assets.

Property, Plant and Equipment and Amortizing Intangible Assets. As of December 31, 2019, we had net property, plant and equipment with a carrying value of approximately \$1.9 billion and net amortizing intangible assets with a carrying value of approximately \$232.3 million.

When evidence exists that we will not be able to recover a long-lived asset's carrying value through future cash flows, we write down the carrying value of the asset to its estimated fair value. We test assets for impairment when events or circumstances indicate that the carrying value of a long-lived asset may not be recoverable as well as in connection with any goodwill impairment evaluations.

With respect to property, plant and equipment and our amortizing intangible assets, the carrying value of a long-lived asset is not recoverable if the carrying value exceeds the sum of the undiscounted cash flows expected to result from the asset's use and eventual disposal. In this situation, we recognize an impairment loss equal to the amount by which the carrying value exceeds the asset's fair value. We determine fair value using an income-based and market-based approach in which we discount the asset's expected future cash flows to reflect the risk associated with achieving the underlying cash flows. Any impairment determinations involve significant assumptions and judgments. Differing assumptions regarding any of these inputs could have a significant effect on the various valuations. As such, the fair value measurements utilized within these estimates are classified as non-recurring Level 3 measurements in the fair value hierarchy because they are not observable from objective sources. Due to the volatility of the inputs used, we cannot predict the likelihood of any future impairment.

2019 Impairments. In the DJ Basin, we determined that certain processing plant assets related to our existing 20 MMcf/d plant would no longer be utilized due to our expansion plans for the Niobrara G&P system. Based on the results of the recoverability assessment and the conclusion that the carrying value was not fully recoverable, we recorded an impairment charge of \$34.7 million related to these assets in the first quarter of 2019.

In the Piceance Basin, we sold certain Red Rock Gathering system assets for a cash purchase price of \$12.0 million. Prior to closing, we recorded an impairment charge of \$14.2 million in the fourth quarter of 2019 based on the expected consideration and the carrying value for the Red Rock Gathering system assets.

In the Barnett Shale, we determined that certain compressor station assets would be shut down and decommissioned. As a result, we recorded an impairment charge of \$9.7 million related to these assets in the first quarter of 2019. Also in connection with this evaluation, we evaluated the related intangible assets associated therewith for impairment consisting of rights-of-way intangible assets. We concluded the rights-of-way intangible assets were also impaired and, as a result, we recorded an impairment charge of \$0.5 million in the first quarter of 2019.

In the Permian Basin, in connection with the cancellation of a project, we determined certain processing plant assets and the related rights-of-way intangible assets would no longer be utilized. As a result, we recorded an impairment charge of \$0.7 million and \$0.6 million related to the processing plant assets and rights-of-way intangible assets, respectively, in the fourth quarter of 2019. See Notes 5 and 6 for additional details.

2018 Impairments. In December 2018, in connection with certain strategic initiatives, we performed a recoverability assessment of certain assets within the Williston Basin reporting segment. Based on the results, we concluded that the carrying value of certain long-lived assets related to the Tioga Midstream system within the Williston Basin were not fully recoverable. We recorded an impairment charge of \$3.9 million related to these assets after comparing the fair value of the long-lived assets to their carrying values. In addition, we reviewed other assets that had been identified as potentially impaired and recognized long-lived asset impairments as detailed in Note 5 to the consolidated financial statements.

2017 Impairments. In December 2017, in connection with certain strategic initiatives, we performed a financial review of certain assets within the Williston Basin reporting segment. This resulted in a triggering event that required us to perform a recoverability test. Based on the results of the test, we concluded that the carrying value of certain long-lived assets and the related intangible assets related to the Bison Midstream system in the Williston Basin were not fully recoverable. As a result, we recorded an impairment charge of \$101.9 million related to the long-lived assets and \$85.2 million related to contract intangibles assets.

For additional information, see Notes 2, 5 and 6 to the consolidated financial statements.

Goodwill. We evaluate goodwill for impairment annually on September 30 and whenever events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill.

2019 Impairment Evaluation. We performed our annual goodwill impairment testing for the Mountaineer Midstream reporting unit as of September 30, 2019 using a combination of the income and market approaches. We determined that the fair value of the Mountaineer Midstream reporting unit did not exceed its carrying value, including goodwill. As a result, we recognized a goodwill impairment charge of \$16.2 million for the year ended December 31, 2019.

2018 and 2017 Impairment Evaluations. We performed our 2018 and 2017 annual goodwill impairment analysis as of September 30 and concluded that none of our goodwill had been impaired.

See Notes 2 and 7 for additional information.

Minimum Volume Commitments

Adjustments for MVC Shortfall Payments. We estimate the impact of expected MVC shortfall payments for inclusion in our calculation of segment adjusted EBITDA. Adjustments related to MVC shortfall payments account for:

- the net increases or decreases in deferred revenue for MVC shortfall payments and
- our inclusion of expected annual MVC shortfall payments. We also included a proportional amount of any historical and expected MVC shortfall payments in each quarter prior to the quarter in which we actually recognized the shortfall payment.

We estimate expected MVC shortfall payments based on assumptions including, but not limited to, contract terms, historical volume throughput data and expectations regarding future investment, drilling and production.

For additional information, see Notes 2, 4 and 9 to the consolidated financial statements and the “Results of Operations” and “Liquidity and Capital Resources—Credit and Counterparty Concentration Risks” sections herein.

Forward-Looking Statements

Investors are cautioned that certain statements contained in this report as well as in periodic press releases and certain oral statements made by our officers and employees during our presentations are “forward-looking” statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements and may contain the words “expect,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “will be,” “will continue,” “will likely result,” and similar expressions, or future conditional verbs such as “may,” “will,” “should,” “would,” and “could.” In addition, any statement concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions taken by us, our subsidiaries, Summit Investments or our Sponsor, are also forward-looking statements. These forward-looking statements involve various risks and uncertainties, including, but not limited to, those described in Item 1A. Risk Factors included in this report.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond the control of our management team. All forward-looking statements in this report and subsequent written and oral forward-looking statements attributable to us, or to

persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements in this paragraph. These risks and uncertainties include, among others:

- our ability to sustain our current rate of cash distributions;
- fluctuations in natural gas, NGLs and crude oil prices;
- the extent and success of our customers' drilling efforts, as well as the quantity of natural gas, crude oil and produced water volumes produced within proximity of our assets;
- failure or delays by our customers in achieving expected production in their natural gas, crude oil and produced water projects;
- competitive conditions in our industry and their impact on our ability to connect hydrocarbon supplies to our gathering and processing assets or systems;
- actions or inactions taken or nonperformance by third parties, including suppliers, contractors, operators, processors, transporters and customers, including the inability or failure of our shipper customers to meet their financial obligations under our gathering agreements and our ability to enforce the terms and conditions of certain of our gathering agreements in the event of a bankruptcy of one or more of our customers;
- our ability to divest of certain of our assets to third parties on attractive terms, which is subject to a number of factors, including prevailing conditions and outlook in the natural gas, NGL and crude oil industries and markets;
- the ability to attract and retain key management personnel;
- commercial bank and capital market conditions and the potential impact of changes or disruptions in the credit and/or capital markets;
- changes in the availability and cost of capital and the results of our financing efforts, including availability of funds in the credit and/or capital markets;
- restrictions placed on us by the agreements governing our debt and preferred equity instruments;
- the availability, terms and cost of downstream transportation and processing services;
- natural disasters, accidents, weather-related delays, casualty losses and other matters beyond our control;
- operational risks and hazards inherent in the gathering, compression, treating and/or processing of natural gas, crude oil and produced water;
- weather conditions and terrain in certain areas in which we operate;
- any other issues that can result in deficiencies in the design, installation or operation of our gathering, compression, treating and processing facilities;
- timely receipt of necessary government approvals and permits, our ability to control the costs of construction, including costs of materials, labor and rights-of-way and other factors that may impact our ability to complete projects within budget and on schedule;
- our ability to finance our obligations related to capital expenditures including through opportunistic asset divestitures or joint ventures and the impact any such divestitures or joint ventures could have on our results;
- the effects of existing and future laws and governmental regulations, including environmental, safety and climate change requirements and federal, state and local restrictions or requirements applicable to oil and/or gas drilling, production or transportation;
- the ability of SMP Holdings to meet its obligations under its senior secured term loan facility;
- changes in tax status;
- the effects of litigation;
- changes in general economic conditions; and
- certain factors discussed elsewhere in this report.

Developments in any of these areas could cause actual results to differ materially from those anticipated or projected or cause a significant reduction in the market price of our common units, preferred units and senior notes.

The foregoing list of risks and uncertainties may not contain all of the risks and uncertainties that could affect us. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this document may not in fact occur. Accordingly, undue reliance should not be placed on these statements. We undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise, except as otherwise required by law.

EX 99.2-37

EXPLANATORY NOTE

On May 28, 2020, Summit Midstream Partners, LP, a Delaware limited partnership (the “Partnership”), closed on a Purchase Agreement (the “Purchase Agreement”) with affiliates of Energy Capital Partners II, LLC, a Delaware limited liability company (“ECP”) to acquire all the outstanding limited liability company interests of Summit Midstream Partners, LLC, a Delaware limited liability company (“Summit Investments”). We refer to the transactions contemplated by the Purchase Agreement as the “GP Buy-In Transaction.”

The May 2020 acquisition of Summit Investments was a transaction between entities under common control. As a result, the Partnership recast its financial statements for the period that the entities were under common control by Summit Investments to retrospectively reflect the May 2020 acquisition. Under GAAP, the GP Buy-In Transaction was deemed a transaction among entities under common control with a change in reporting entity. Although the Partnership is the surviving entity for legal purposes, Summit Investments is the surviving entity for accounting purposes; therefore, the historical financial results of the Partnership prior to the GP Buy-In Transaction presented below are those of Summit Investments. Prior to the GP Buy-In Transaction, Summit Investments controlled the Partnership and the Partnership’s financial statements were consolidated into Summit Investments.

The information in this Item 8. Financial Statements and Supplementary Data includes periods prior to the GP Buy-In Transaction. Consequently, the Partnership’s consolidated financial statements have been retrospectively recast for all periods presented in order to present the financial results of the surviving entity for accounting purposes.

EX 99.3-1

Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Summit Midstream GP, LLC and the unitholders of Summit Midstream Partners, LP Houston, Texas

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Summit Midstream Partners, LP and subsidiaries (the "Partnership") as of December 31, 2019 and 2018, the related consolidated statements of operations, partners' capital, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, based on our audits and the report of the other auditors, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ohio Gathering Company, L.L.C. ("Ohio Gathering") as of and for the years ended December 31, 2019, 2018, and 2017, the Partnership's investment in which is accounted for by use of the equity method. The accompanying financial statements of the Partnership include its equity investment in Ohio Gathering of \$275,000,000 and \$642,036,000 as of December 31, 2019 and 2018, respectively, and its loss from equity method investee in Ohio Gathering of \$329,736,000, \$11,085,000, and \$1,823,000 for the years ended December 31, 2019, 2018 and 2017, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ohio Gathering prior to the impairment loss discussed in Note 8, which was audited by us, is based solely on the report of the other auditors.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Atlanta, Georgia

March 9, 2020 (August 7, 2020 as to the retrospective adjustments to the financial statements for the common control transaction described in Notes 1 and 19)

We have served as the Partnership's auditor since 2009.

EX 99.3-3

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>(In thousands, except unit amounts)</u>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,530	\$ 16,173
Restricted cash	27,392	—
Accounts receivable	97,418	97,936
Other current assets	5,521	4,388
Total current assets	<u>139,861</u>	<u>118,497</u>
Property, plant and equipment, net	1,882,489	1,964,099
Intangible assets, net	232,278	273,416
Goodwill	—	16,211
Investment in equity method investees	309,728	649,250
Other noncurrent assets	9,742	11,746
Total assets	<u>\$ 2,574,098</u>	<u>\$ 3,033,219</u>
Liabilities and Capital		
Current liabilities:		
Trade accounts payable	\$ 24,415	\$ 38,415
Accrued expenses	11,339	26,763
Deferred revenue	13,493	11,467
Ad valorem taxes payable	8,477	10,550
Accrued interest	12,346	12,339
Accrued environmental remediation	1,725	2,487
Other current liabilities	12,206	13,236
Current portion of long-term debt	5,546	14,500
Total current liabilities	<u>89,547</u>	<u>129,757</u>
Long-term debt	1,622,279	1,464,280
Noncurrent deferred revenue	38,709	39,504
Noncurrent accrued environmental remediation	2,926	3,149
Other noncurrent liabilities	7,951	4,962
Total liabilities	<u>1,761,412</u>	<u>1,641,652</u>
Commitments and contingencies (Note 16)		
Mezzanine Capital		
Subsidiary Series A Preferred Units (30,058 units issued and outstanding at December 31, 2019)	27,450	—
Partners' Capital		
Series A Preferred Units (300,000 units issued and outstanding at December 31, 2019 and December 31, 2018)	293,616	293,616
Common limited partner capital	305,550	543,479
Noncontrolling interest	186,070	554,472
Total partners' capital	<u>785,236</u>	<u>1,391,567</u>
Total liabilities, mezzanine capital and partners' capital	<u>\$ 2,574,098</u>	<u>\$ 3,033,219</u>

The accompanying notes are an integral part of these consolidated financial statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2019	2018	2017
(In thousands, except per-unit amounts)			
Revenues:			
Gathering services and related fees	\$ 326,747	\$ 344,616	\$ 394,427
Natural gas, NGLs and condensate sales	86,994	134,834	68,459
Other revenues	29,787	27,203	25,855
Total revenues	<u>443,528</u>	<u>506,653</u>	<u>488,741</u>
Costs and expenses:			
Cost of natural gas and NGLs	63,438	107,661	57,237
Operation and maintenance	98,719	100,978	93,882
General and administrative	55,947	54,991	56,351
Depreciation and amortization	110,354	107,263	115,737
Transaction costs	3,017	—	50
(Gain) loss on asset sales, net	(1,536)	—	527
Long-lived asset impairment	60,507	7,186	188,702
Goodwill impairment	16,211	—	—
Total costs and expenses	<u>406,657</u>	<u>378,079</u>	<u>512,486</u>
Other income (expense)	451	(169)	298
Interest expense	(91,966)	(82,830)	(88,701)
Early extinguishment of debt	—	—	(22,039)
(Loss) income before income taxes and loss from equity method investees	<u>(54,644)</u>	<u>45,575</u>	<u>(134,187)</u>
Income tax expense	(1,231)	(367)	(504)
Loss from equity method investees	(337,851)	(10,888)	(2,223)
Net (loss) income	<u><u>\$(393,726)</u></u>	<u><u>\$ 34,320</u></u>	<u><u>\$(136,914)</u></u>
Less:			
Net (loss) income attributable to noncontrolling interest	<u>(209,275)</u>	<u>2,774</u>	<u>46,497</u>
Net (loss) income attributable to limited partners	<u>(184,451)</u>	<u>31,546</u>	<u>(183,411)</u>
Net income attributable to Series A Preferred Units	28,500	28,500	3,563
Net income attributable to Subsidiary Series A Preferred Units	58	—	—
Net (loss) income attributable to common limited partners	<u><u>\$(213,009)</u></u>	<u><u>\$ 3,046</u></u>	<u><u>\$(186,974)</u></u>
(Loss) income per limited partner unit:			
Common unit – basic	\$ (4.70)	\$ 0.07	\$ (4.13)
Common unit – diluted	\$ (4.70)	\$ 0.07	\$ (4.13)
Weighted-average limited partner units outstanding:			
Common units – basic	45,319	45,319	45,319
Common units – diluted	45,319	45,630	45,319

The accompanying notes are an integral part of these consolidated financial statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

	Noncontrolling Interest		Partners' Capital	Total
	Series A Preferred Units	Common Noncontrolling Interests (1)		
	(In thousands)			
Partners' capital, January 1, 2017	\$ —	\$ 629,488	\$ 1,005,932	\$1,635,420
Net income (loss)	3,563	46,497	(186,974)	(136,914)
Unit-based compensation	—	7,878	—	7,878
Effect of common unit issuances under SMLP LTIP	—	1,209	(1,209)	—
Tax withholdings on vested SMLP LTIP awards	—	(2,236)	—	(2,236)
Net cash distributions to SMLP unitholders	(2,375)	(107,598)	—	(109,973)
Net cash distributions to Energy Capital Partners	—	—	(301,672)	(301,672)
Issuance of Series A Preferred Units, net of offering costs	293,238	—	—	293,238
ATM Program issuances, net of costs	—	14,551	2,527	17,078
Secondary offering of SMLP common units	—	60,981	33,659	94,640
Other	—	(199)	—	(199)
Partners' capital, December 31, 2017, as reported	\$ 294,426	\$ 650,571	\$ 552,263	\$1,497,260
January 1, 2018 impact of Topic 606 day 1 adoption	—	2,669	1,545	4,214
Partners' capital, January 1, 2018	294,426	653,240	553,808	1,501,474
Net income	28,500	2,774	3,046	34,320
Net cash distributions to SMLP unitholders	(28,500)	(109,101)	—	(137,601)
Net cash distributions to Energy Capital Partners	—	—	(11,800)	(11,800)
Unit-based compensation	—	8,088	—	8,088
Effect of common unit issuances under SMLP LTIP	—	1,575	(1,575)	—
Tax withholdings on vested SMLP LTIP awards	—	(1,974)	—	(1,974)
Other	(810)	(130)	—	(940)
Partners' capital, December 31, 2018	\$ 293,616	\$ 554,472	\$ 543,479	\$1,391,567
Net income (loss)	28,500	(209,275)	(213,009)	(393,784)
Net cash distributions to noncontrolling interest SMLP unitholders	(28,500)	(68,874)	—	(97,374)
Net cash distributions to Energy Capital Partners	—	—	(120,730)	(120,730)
Unit-based compensation	—	8,171	—	8,171
Effect of common unit issuances under SMLP LTIP	—	2,664	(2,664)	—
Tax withholdings on vested SMLP LTIP awards	—	(2,614)	—	(2,614)
Conversion of noncontrolling interest related to cancellation of subsidiary incentive distribution rights	—	(48,203)	48,203	—
Conversion of noncontrolling interest related to partial cancellation of subsidiary of DPPO	—	(50,271)	50,271	—
Partners' capital, December 31, 2019	\$ 293,616	\$ 186,070	\$ 305,550	\$ 785,236

(1) Prior to the GP Buy-In Transaction, common noncontrolling interests reported by Summit Investments included equity interests in SMLP that were not owned by Summit Investments.

The accompanying notes are an integral part of these consolidated financial statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Cash flows from operating activities:			
Net (loss) income	\$(393,726)	\$ 34,320	\$(136,914)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	111,574	106,930	115,134
Noncash lease expense	3,086	—	—
Amortization of debt issuance costs	6,313	6,142	5,445
Unit-based and noncash compensation	8,171	8,328	7,951
Loss from equity method investees	337,851	10,888	2,223
Distributions from equity method investees	37,300	35,271	40,220
(Gain) loss on asset sales, net	(1,536)	—	527
Long-lived asset impairment	60,507	7,186	188,702
Goodwill impairment	16,211	—	—
Early extinguishment of debt	—	—	22,039
Write-off of debt issuance costs	—	—	302
Changes in operating assets and liabilities:			
Accounts receivable	(5,466)	(25,635)	25,063
Trade accounts payable	(96)	85	(3,256)
Accrued expenses	(10,572)	13,903	1,227
Deferred revenue, net	1,683	5,355	(40,758)
Ad valorem taxes payable	(1,525)	2,211	(2,248)
Accrued interest	7	(140)	(7,736)
Accrued environmental remediation, net	(1,152)	292	(4,109)
Other, net	(6,889)	1,094	(764)
Net cash provided by operating activities	<u>161,741</u>	<u>206,230</u>	<u>213,048</u>
Cash flows from investing activities:			
Capital expenditures	(182,291)	(200,586)	(124,215)
Proceeds from asset sale (net of cash of \$1,475 for the year ended December 31, 2019)	102,111	496	2,300
Contributions to equity method investees	—	(4,924)	(25,513)
Distributions from equity method investment	7,313	—	—
Investment in equity method investee	(18,316)	—	—
Other, net	313	(284)	(458)
Net cash used in investing activities	<u>(90,870)</u>	<u>(205,298)</u>	<u>(147,886)</u>

EX 99.3-7

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Cash flows from financing activities:			
Distributions to noncontrolling interest SMLP unitholders	(68,874)	(109,101)	(107,598)
Distributions to Series A Preferred unitholders	(28,500)	(28,500)	(2,375)
Distributions to mandatorily redeemable Class C unitholders	—	—	(99,323)
Distributions to Energy Capital Partners	(120,730)	(11,800)	(301,672)
Borrowings under Revolving Credit Facility	369,000	289,000	247,500
Repayments under Revolving Credit Facility	(158,000)	(84,000)	(634,500)
Borrowings under SMP Holdings Term Loan B	—	—	300,000
Repayments under SMP Holdings Term Loan B	(65,250)	(49,250)	(24,000)
Debt issuance costs	(673)	(518)	(25,061)
Payment of redemption and call premiums on senior notes	—	—	(17,932)
Proceeds from ATM Program common unit issuances, net of costs	—	—	17,078
Proceeds from secondary offering common units, net of costs	—	—	94,640
Proceeds from issuance of Series A preferred units, net of costs	27,392	—	293,238
Issuance of senior notes	—	—	500,000
Tender and redemption of senior notes	—	—	(300,000)
Other, net	(4,487)	(4,186)	(3,124)
Net cash (used in) provided by financing activities	(50,122)	1,645	(63,129)
Net change in cash, cash equivalents and restricted cash	20,749	2,577	2,033
Cash, cash equivalents and restricted cash, beginning of period	16,173	13,596	11,563
Cash, cash equivalents and restricted cash, end of period (1)	<u>\$ 36,922</u>	<u>\$ 16,173</u>	<u>\$ 13,596</u>
Supplemental cash flow disclosures:			
Cash interest paid	\$ 92,536	\$ 85,233	\$ 88,193
Less capitalized interest	6,974	8,497	2,579
Interest paid (net of capitalized interest)	<u>\$ 85,562</u>	<u>\$ 76,736</u>	<u>\$ 85,614</u>
Cash paid for taxes	\$ 150	\$ 175	\$ —
Noncash investing and financing activities			
Capital expenditures in trade accounts payable (period-end accruals)	\$ 19,846	\$ 33,750	\$ 11,792
Asset contribution to an equity method investment	23,643	—	—
Capital expenditures relating to contributions in aid of construction for Topic 606 day 1 adoption	—	33,123	—
Right-of-use assets relating to Topic 842	5,448	—	—

(1) A reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets follow:

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Cash and cash equivalents	\$ 9,530	\$ 16,173	\$ 13,596
Restricted cash	27,392	—	—
Total cash, cash equivalents and restricted cash	<u>\$ 36,922</u>	<u>\$ 16,173</u>	<u>\$ 13,596</u>

The accompanying notes are an integral part of these consolidated financial statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION, BUSINESS OPERATIONS AND PRESENTATION AND CONSOLIDATION

Organization. SMLP, a Delaware limited partnership, was formed in May 2012 and began operations in October 2012. SMLP is a growth-oriented limited partnership focused on developing, owning and operating midstream energy infrastructure assets that are strategically located in unconventional resource basins, primarily shale formations, in the continental United States. Our business activities are conducted through various operating subsidiaries, each of which is owned or controlled by our wholly owned subsidiary holding company, Summit Holdings, a Delaware limited liability company. References to the “Partnership,” “we,” or “our” refer collectively to SMLP and its subsidiaries.

As described further in Note 19, the Partnership closed on its Purchase Agreement (the “Purchase Agreement”) with affiliates of Energy Capital Partners II, LLC, a Delaware limited liability company (“ECP”) on May 28, 2020 to acquire all the outstanding limited liability company interests of Summit Midstream Partners, LLC a Delaware limited liability company (“Summit Investments”). We refer to the transactions contemplated by the Purchase Agreement as the (“GP Buy-In Transaction”). As a result of the GP Buy-In Transaction, the Partnership now indirectly owns its own general partner, Summit Midstream Partners GP, LLC (the “General Partner”), an entity controlled by Summit Investments.

Under GAAP, the GP Buy-In Transaction was deemed a transaction among entities under common control with a change in reporting entity. Although SMLP is the surviving entity for legal purposes, Summit Investments is the surviving entity for accounting purposes; therefore, the historical financial results included herein prior to the GP Buy-In Transaction are those of Summit Investments. Prior to the GP Buy-In Transaction, Summit Investments controlled SMLP and SMLP’s financial statements were consolidated into Summit Investments.

Business Operations. We provide natural gas gathering, compression, treating and processing services as well as crude oil and produced water gathering services pursuant to primarily long-term, fee-based agreements with our customers. Our results are primarily driven by the volumes of natural gas that we gather, compress, treat and/or process as well as by the volumes of crude oil and produced water that we gather. We are the owner-operator of, or have significant ownership interests in, the following gathering and transportation systems:

- Summit Utica, a natural gas gathering system operating in the Appalachian Basin, which includes the Utica and Point Pleasant shale formations in southeastern Ohio;
- Ohio Gathering, a natural gas gathering system and a condensate stabilization facility operating in the Appalachian Basin, which includes the Utica and Point Pleasant shale formations in southeastern Ohio;
- Polar and Divide, a crude oil and produced water gathering system and transmission pipeline operating in the Williston Basin, which includes the Bakken and Three Forks shale formations in northwestern North Dakota;
- Bison Midstream, an associated natural gas gathering system operating in the Williston Basin, which includes the Bakken and Three Forks shale formations in northwestern North Dakota;
- Niobrara G&P, an associated natural gas gathering and processing system operating in the DJ Basin, which includes the Niobrara and Codell shale formations in northeastern Colorado and southeastern Wyoming;
- Summit Permian, an associated natural gas gathering and processing system operating in the northern Delaware Basin, which includes the Wolfcamp and Bone Spring formations, in southeastern New Mexico;
- Double E, a 1.35 Bcf/d natural gas transmission pipeline that is under development and will provide transportation service from multiple receipt points in the Delaware Basin to various delivery points in and around the Waha Hub in Texas;

- Grand River, a natural gas gathering and processing system operating in the Piceance Basin, which includes the Mesaverde formation and the Mancos and Niobrara shale formations in western Colorado;
- DFW Midstream, a natural gas gathering system operating in the Fort Worth Basin, which includes the Barnett Shale formation in north-central Texas; and
- Mountaineer Midstream, a natural gas gathering system operating in the Appalachian Basin, which includes the Marcellus Shale formation in northern West Virginia.

Until March 22, 2019, we owned Tioga Midstream, a crude oil, produced water and associated natural gas gathering system operating in the Williston Basin. Refer to Note 17 for details on the sale of Tioga Midstream.

In June 2019, in conjunction with the Double E Project, Summit Permian Transmission entered into a definitive joint venture agreement (the "Agreement") with an affiliate of Double E's foundation shipper (the "JV Partner") to fund the capital expenditures associated with the Double E Project. Refer to Note 8 for additional details.

Other than our investments in Double E and Ohio Gathering, all of our business activities are conducted through wholly owned operating subsidiaries.

Presentation and Consolidation. We prepare our consolidated financial statements in accordance with GAAP as established by the FASB. We make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet dates, including fair value measurements, the reported amounts of revenues and expenses and the disclosure of commitments and contingencies. Although management believes these estimates are reasonable, actual results could differ from its estimates.

The consolidated financial statements include the assets, liabilities and results of operations of SMLP and its subsidiaries. All intercompany transactions among the consolidated entities have been eliminated in consolidation. Comprehensive income or loss is the same as net income or loss for all periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash, Cash Equivalents and Restricted Cash. We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash that is held by a major bank and has restrictions on its availability to us is classified as restricted cash. See Note 12 for additional information.

Accounts Receivable. Accounts receivable relate to gathering and other services provided to our customers and other counterparties. We evaluate the collectability of accounts receivable and the need for an allowance for doubtful accounts based on customer-specific facts and circumstances. To the extent we doubt the collectability of a specific customer or counterparty receivable, we recognize an allowance for doubtful accounts. Uncollectible receivables are written off when a settlement is reached for an amount that is less than the outstanding historical balance or a receivable amount is deemed otherwise unrealizable.

Property, Plant and Equipment. We record property, plant and equipment at historical cost of construction or fair value of the assets at acquisition. We capitalize expenditures that extend the useful life of an asset or enhance its productivity or efficiency from its original design over the expected remaining period of use. For maintenance and repairs that do not add capacity or extend the useful life of an asset, we recognize expenditures as an expense as incurred. We capitalize project costs incurred during construction, including interest on funds borrowed to finance the construction of facilities, as construction in progress.

We record depreciation on a straight-line basis over an asset's estimated useful life. We base our estimates for useful life on various factors including age (in the case of acquired assets), manufacturing specifications, technological advances and historical data concerning useful lives of similar assets. Estimates of useful lives follow.

	Useful lives (In years)
Gathering and processing systems and related equipment	12-30
Other	4-15

Construction in progress is depreciated consistent with its applicable asset class once it is placed in service. Land and line fill are not depreciated.

We base an asset's carrying value on estimates, assumptions and judgments for useful life and salvage value. Upon sale, retirement or other disposal, we remove the carrying value of an asset and its accumulated depreciation from our balance sheet and recognize the related gain or loss, if any.

Accrued capital expenditures are reflected in trade accounts payable.

Asset Retirement Obligations. We record a liability for asset retirement obligations only if and when a future asset retirement obligation with a determinable life is identified. For identified asset retirement obligations, we then evaluate whether the expected date and related costs of retirement can be estimated. We have concluded that our gathering and processing assets have an indeterminate life because they are owned and will operate for an indeterminate period when properly maintained. Because we did not have sufficient information to reasonably estimate the amount or timing of such obligations and we have no current plan to discontinue use of any significant assets, we did not provide for any asset retirement obligations as of December 31, 2019 or 2018.

Amortizing Intangibles. Upon the acquisition of DFW Midstream, certain of its gas gathering contracts were deemed to have above-market pricing structures. We have recognized the above-market contracts as favorable gas gathering contracts. We amortize the favorable contracts using a straight-line method over the contract's estimated useful life. We define useful life as the period over which the contract is expected to contribute to our future cash flows. These contracts have original terms ranging from 10 years to 20 years. We recognize the amortization expense associated with these contracts in Other revenues.

We amortize all other gas gathering contracts, or contract intangibles, over the period of economic benefit based upon expected revenues over the life of the contract. The useful life of these contracts ranges from 3 years to 25 years. We recognize the amortization expense associated with these contracts in Depreciation and amortization expense.

We have rights-of-way associated with city easements and easements granted within existing rights-of-way. We amortize these intangible assets over the shorter of the contractual term of the rights-of-way or the estimated useful life of the gathering system. The contractual terms of the rights-of-way range from 20 years to 30 years. We recognize the amortization expense associated with rights-of-way assets in Depreciation and amortization expense.

Goodwill. Goodwill represents consideration paid in excess of the fair value of the net identifiable assets acquired in a business combination. We evaluate goodwill for impairment annually on September 30. In September 2019, in connection with our annual impairment evaluation, we determined that the fair value of the Mountaineer Midstream reporting unit did not exceed its carrying value and we recognized a goodwill impairment charge of \$16.2 million. As of December 31, 2019, we did not have a goodwill balance on our consolidated balance sheet.

Equity Method Investments. We account for investments in which we exercise significant influence using the equity method so long as we (i) do not control the investee and (ii) are not the primary beneficiary. We recognize these investments in investment in equity method investees in the accompanying consolidated balance sheets. We recognized (i) our proportionate share of earnings or loss in net income for Ohio Gathering, on a one-month lag, and (ii) an other-than-temporary impairment for Ohio Gathering, based on the financial information available to us during the reporting period.

We recognize an other-than-temporary impairment for losses in the value of equity method investees when evidence indicates that the carrying amount is no longer supportable. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the equity method investee to sustain an earnings capacity that would justify the carrying amount of the investment. A current fair value of an investment that is less than its carrying amount may indicate a loss in value of the investment. We evaluate our equity method investments whenever a triggering event exists that would indicate a need to assess the investment for potential impairment.

Other Noncurrent Assets. Other noncurrent assets primarily consist of external costs incurred in connection with the closing of our Revolving Credit Facility and related amendments. We capitalize and then amortize these debt issuance costs on a straight-line basis, which approximates the effect of the effective interest rate method, over the life of the respective debt instrument. We recognize the amortization of the Revolving Credit Facility debt issuance costs in interest expense.

Debt Issuance Costs. Debt issuance costs, other than those associated with our Revolving Credit Facility, are reflected in the carrying value of the Senior Notes and Term Loan B as an adjustment to the principal amount and amortized on a straight-line basis, which approximates the effect of the effective interest rate method, over the life of the respective debt instrument. We recognize the amortization of the Senior Notes and Term Loan B debt issuance costs in interest expense.

Impairment of Long-Lived Assets. We test assets for impairment when events or circumstances indicate that the carrying value of a long-lived asset may not be recoverable. The carrying value of a long-lived asset (except goodwill) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. If we conclude that an asset's carrying value will not be recovered through future cash flows, we recognize an impairment loss on the long-lived asset equal to the amount by which the carrying value exceeds its fair value. We determine fair value using either a market-based approach, an income-based approach or a combination of the two approaches.

Derivative Contracts. We have commodity price exposure related to our sale of the physical natural gas we retain from certain DFW Midstream customers and our procurement of electricity to operate the DFW Midstream system's electric-drive compression assets. Our gas gathering agreements with certain DFW Midstream customers permit us to retain a certain quantity of natural gas that we gather to offset the power costs we incur to operate these electric-drive compression assets. We manage this direct exposure to natural gas and power prices through the use of forward power purchase contracts with wholesale power providers that require us to purchase a fixed quantity of power at a fixed heat rate based on prevailing natural gas prices based on the Henry Hub Index. We sell retainage natural gas at prices that are based on the Atmos Zone 3 Index. By basing the power prices on a system and basin-relevant market, we are able to closely associate the relationship between the compression electricity expense and natural gas retainage sales.

Accounting standards related to derivative instruments and hedging activities allow for normal purchase or sale elections and hedge accounting designations, which generally eliminate or defer the requirement for mark-to-market recognition in net income and thus reduce the volatility of net income that can result from fluctuations in fair values. We have designated these contracts as normal under the normal purchase and sale exception under the accounting standards for derivatives. We do not enter into risk management contracts for speculative purposes.

Restructuring Costs. Our restructuring costs are comprised primarily of employee termination costs related to headcount reductions. A liability for costs associated with an exit or disposal activity is recognized and measured initially at fair value only when the liability is incurred. Our restructuring charges also include relocation expenses and advisory costs. We reassess the liability periodically based on market conditions. Refer to Note 17 for additional details.

Fair Value of Financial Instruments. The fair-value-measurement standard under GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard characterizes inputs used in determining fair value according to a hierarchy that prioritizes those inputs based upon the degree to which the inputs are observable. The three levels of the fair value hierarchy are as follows:

- Level 1. Inputs represent quoted prices in active markets for identical assets or liabilities;
- Level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (for example, quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets or liabilities in markets not considered to be active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs); and

- Level 3. Inputs that are not observable from objective sources, such as management's internally developed assumptions used in pricing an asset or liability (for example, an internally developed present value of future cash flows model that underlies management's fair value measurement).

Commitments and Contingencies. We record accruals for loss contingencies when we determine that it is probable that a liability has been incurred and that such economic loss can be reasonably estimated. Such determinations are subject to interpretations of current facts and circumstances, forecasts of future events and estimates of the financial impacts of such events. We recognize gain contingencies when their realization is assured beyond a reasonable doubt.

Revenue Recognition. The majority of our revenue is derived from long-term, fee-based contracts with original terms of up to 25 years. We account for revenue in accordance with Topic 606, which we adopted on January 1, 2018, using the modified retrospective method.

We recognize revenue earned from fee-based gathering, compression, treating and processing services in gathering services and related fees. We also earn revenue in the Williston Basin and Permian Basin reporting segments from the sale of physical natural gas purchased from our customers under certain percent-of-proceeds arrangements. Under ASC Topic 606, these gathering contracts are presented net within cost of natural gas and NGLs. We sell natural gas that we retain from certain customers in the Barnett Shale reporting segment to offset the power expenses of the electric-driven compression on the DFW Midstream system. We also sell condensate and NGLs retained from certain of our gathering services in the Piceance Basin and Permian Basin reporting segments. Revenues from the sale of natural gas and condensate are recognized in natural gas, NGLs and condensate sales; the associated expense is included in operation and maintenance expense. Certain customers reimburse us for costs we incur on their behalf. We record costs incurred and reimbursed by our customers on a gross basis, with the revenue component recognized in Other revenues.

We provide gathering and/or processing services principally under contracts that contain one or more of the following arrangements:

- **Fee-based arrangements.** Under fee-based arrangements, we receive a fee or fees for one or more of the following services (i) natural gas gathering, treating, compressing and/or processing and (ii) crude oil and/or produced water gathering.
- **Percent-of-proceeds arrangements.** Under percent-of-proceeds arrangements, we generally purchase natural gas from producers at the wellhead, or other receipt points, gather the wellhead natural gas through our gathering system, treat the natural gas, process the natural gas and/or sell the natural gas to a third party for processing. We then remit to our producers an agreed-upon percentage of the actual proceeds received from sales of the residue natural gas and NGLs. Certain of these arrangements may also result in returning all or a portion of the residue natural gas and/or the NGLs to the producer, in lieu of returning sales proceeds. The margins earned are directly related to the volume of natural gas that flows through the system and the price at which we are able to sell the residue natural gas and NGLs.

Certain of our gathering and/or processing agreements provide for monthly or annual MVCs. Under these MVCs, our customers agree to ship and/or process a minimum volume of production on our gathering systems or to pay a minimum monetary amount over certain periods during the term of the MVC. A customer must make a shortfall payment to us at the end of the contracted measurement period if its actual throughput volumes are less than its contractual MVC for that period. Certain customers are entitled to utilize shortfall payments to offset gathering fees in one or more subsequent contracted measurement periods to the extent that such customer's throughput volumes in a subsequent contracted measurement period exceed its MVC for that contracted measurement period.

We recognize customer obligations under their MVCs as revenue and contract assets when (i) we consider it remote that the customer will utilize shortfall payments to offset gathering or processing fees in excess of its MVCs in subsequent periods; (ii) the customer incurs a shortfall in a contract with no banking mechanism or claw back provision; (iii) the customer's banking mechanism has expired; or (iv) it is remote that the customer will use its unexercised right. In making this determination, we consider both quantitative and qualitative facts and circumstances, including, but not limited to, contract terms, capacity of the associated pipeline or receipt point and/or expectations regarding future investment, drilling and production.

Unit-Based Compensation. For awards of unit-based compensation, we determine a grant date fair value and recognize the related compensation expense in the statements of operations over the vesting period of the respective awards.

Income Taxes. As a partnership, we are generally not subject to federal and state income taxes, except as noted below. However, our unitholders are individually responsible for paying federal and state income taxes on their share of our taxable income. Net income or loss for GAAP purposes may differ significantly from taxable income reportable to our unitholders as a result of differences between the tax basis and the GAAP basis of assets and liabilities and the taxable income allocation requirements under our Partnership Agreement. The aggregate difference in the basis of the Partnership's net assets for financial and income tax purposes cannot be readily determined as the Partnership does not have access to the information about each partner's tax attributes related to the Partnership.

In general, legal entities that are chartered, organized or conducting business in the state of Texas are subject to a franchise tax (the "Texas Margin Tax"). The Texas Margin Tax has the characteristics of an income tax because it is determined by applying a tax rate to a tax base that considers both revenues and expenses. Our financial statements reflect provisions for these tax obligations.

Earnings or Loss Per Unit. We determine basic EPU by dividing the net income or loss that is attributed, in accordance with the net income and loss allocation provisions of our Partnership Agreement, to common limited partners under the two-class method, after deducting (i) any payment of IDRs, by the weighted-average number of limited partner units outstanding (for periods presented through the Equity Restructuring), (ii) the General Partner's approximate 2% interest in net income or loss (for periods presented up through the Equity Restructuring), and (iii) net income attributable to Series A Preferred Units and Subsidiary Series A Preferred Units. Diluted EPU reflects the potential dilution that could occur if securities or other agreements to issue common units, such as unit-based compensation, were exercised, settled or converted into common units and included in the weighted-average number of units outstanding. When it is determined that potential common units resulting from an award subject to performance or market conditions should be included in the diluted EPU calculation, the impact is reflected by applying the treasury stock method.

Environmental Matters. We are subject to various federal, state and local laws and regulations relating to the protection of the environment. Liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines and penalties and other sources are charged to expense when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. We accrue for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Such accruals are adjusted as further information develops or circumstances change. Recoveries of environmental remediation costs from other parties or insurers are recorded as assets when their realization is assured beyond a reasonable doubt.

Recent Accounting Pronouncements. Accounting standard setters frequently issue new or revised accounting rules. We review new pronouncements to determine the impact, if any, on our financial statements. Accounting standards that have or could possibly have a material effect on our financial statements are discussed below.

Recently Adopted Accounting Pronouncements. We have recently adopted the following accounting pronouncement:

- ASU No. 2016-02 Leases ("Topic 842"). We adopted Topic 842 with a date of initial application of January 1, 2019. We applied Topic 842 by recognizing (i) a \$5.4 million right-of-use ("ROU") asset which represents the right to use, or to control the use of, specified assets for a lease term. The ROU asset is included in the Property, plant and equipment, net caption on the consolidated balance sheet; and (ii) a \$5.4 million lease liability for the obligation to make lease payments arising from the leases. The lease liability is included in the Other current liabilities and Other noncurrent liabilities captions on the consolidated balance sheet. The comparative information has not been adjusted and is reported under the accounting standards in effect for those periods. Refer to Note 16 for additional information.

Accounting Pronouncements Pending Adoption. We have not yet adopted the following accounting pronouncements as of December 31, 2019:

- ASU No. 2018-13 Fair Value Measurement (“ASU 2018-13”). ASU 2018-13 updates the disclosure requirements on fair value measurements including new disclosures for the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. ASU 2018-13 modifies existing disclosures including clarifying the measurement uncertainty disclosure. ASU 2018-13 removes certain existing disclosure requirements including the amount and reasons for transfers between Level 1 and Level 2 fair value measurements and the policy for the timing of transfer between levels. The adoption of ASU 2018-13 on January 1, 2020 did not have a material impact on our consolidated financial statement disclosures.
- ASU No. 2016-13 Financial Instruments – Credit Losses (“ASU 2016-13”). ASU 2016-13 requires the use of a current expected loss model for financial assets measured at amortized cost and certain off-balance sheet credit exposures. Under this model, entities will be required to estimate the lifetime expected credit losses on such instruments based on historical experience, current conditions, and reasonable and supportable forecasts. This amended guidance also expands the disclosure requirements to enable users of financial statements to understand an entity’s assumptions, models and methods for estimating expected credit losses. The changes are effective for annual and interim periods beginning after December 15, 2019, and amendments should be applied using a modified retrospective approach. The adoption of ASU 2016-13 on January 1, 2020 did not have a material impact on our consolidated financial statements or disclosures.

3. REVENUE

The majority of our revenue is derived from long-term, fee-based contracts with our customers, which include original terms of up to 25 years. We recognize revenue earned from fee-based gathering, compression, treating and processing services in gathering services and related fees. We also earn revenue in the Williston Basin and Permian Basin reporting segments from the sale of physical natural gas purchased from our customers under certain percent-of-proceeds arrangements. Under ASC Topic 606, these gathering contracts are presented net within cost of natural gas and NGLs. We sell natural gas that we retain from certain customers in the Barnett Shale reporting segment to offset the power expenses of the electric-driven compression on the DFW Midstream system. We also sell condensate and NGLs retained from certain of our gathering services in the Piceance Basin and Permian Basin reporting segments. Revenues from the sale of natural gas and condensate are recognized in Natural gas, NGLs and condensate sales; the associated expense is included in Operation and maintenance expense. Certain customers reimburse us for costs we incur on their behalf. We record costs incurred and reimbursed by our customers on a gross basis, with the revenue component recognized in Other revenues.

The transaction price in our contracts is primarily based on the volume of natural gas, crude oil or produced water transferred by our gathering systems to the customer’s agreed upon delivery point multiplied by the contractual rate. For contracts that include MVCs, variable consideration up to the MVC will be included in the transaction price. For contracts that do not include MVCs, we do not estimate variable consideration because the performance obligations are completed and settled on a daily basis. For contracts containing noncash consideration such as fuel received in-kind, we measure the transaction price at the point of sale when the volume, mix and market price of the commodities are known.

We have contracts with MVCs that are variable and constrained. Contracts with greater than monthly MVCs are reviewed on a quarterly basis and adjustments to those estimates are made during each respective reporting period, if necessary.

The transaction price is allocated if the contract contains more than one performance obligation such as contracts that include MVCs. The transaction price allocated is based on the MVC for the applicable measurement period.

Performance obligations. The majority of our contracts have a single performance obligation which is either to provide gathering services (an integrated service) or sell natural gas, NGLs and condensate, which are both satisfied when the related natural gas, crude oil and produced water are received and transferred to an agreed upon delivery point. We also have certain contracts with multiple performance obligations. They include an option for the customer to acquire additional

services such as contracts containing MVCs. These performance obligations would also be satisfied when the related natural gas, crude oil and produced water are received and transferred to an agreed upon delivery point. In these instances, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each service in the contract.

Performance obligations for gathering services are generally satisfied over time. We utilize either an output method (i.e., measure of progress) for guaranteed, stand-ready service contracts or an asset/system delivery time estimate for non-guaranteed, as-available service contracts.

Performance obligations for the sale of natural gas, NGLs and condensate are satisfied at a point in time. There are no significant judgments for these transactions because the customer obtains control based on an agreed upon delivery point.

Certain of our gathering and/or processing agreements provide for monthly or annual MVCs. Under these MVCs, our customers agree to ship and/or process a minimum volume of production on our gathering systems or to pay a minimum monetary amount over certain periods during the term of the MVC. A customer must make a shortfall payment to us at the end of the contracted measurement period if its actual throughput volumes are less than its contractual MVC for that period. Certain customers are entitled to utilize shortfall payments to offset gathering fees in one or more subsequent contracted measurement periods to the extent that such customer's throughput volumes in a subsequent contracted measurement period exceed its MVC for that contracted measurement period.

We recognize customer obligations under their MVCs as revenue and contract assets when (i) we consider it remote that the customer will utilize shortfall payments to offset gathering or processing fees in excess of its MVCs in subsequent periods; (ii) the customer incurs a shortfall in a contract with no banking mechanism or claw back provision; (iii) the customer's banking mechanism has expired; or (iv) it is remote that the customer will use its unexercised right.

Our services are typically billed on a monthly basis and we do not offer extended payment terms. We do not have contracts with financing components.

The following table presents estimated revenue expected to be recognized over the remaining contract period related to performance obligations that are unsatisfied and are comprised of estimated MVC shortfall payments.

We applied the practical expedient in paragraph 606-10-50-14 of Topic 606 for certain arrangements that we consider optional purchases (i.e., there is no enforceable obligation for the customer to make purchases) and those amounts are therefore excluded from the table.

	2020	2021	2022	2023	2024	Thereafter
	(In thousands)					
Gathering services and related fees	\$122,055	\$102,127	\$84,736	\$66,693	\$50,608	\$ 59,602

Revenue by Category. In the following table, revenue is disaggregated by geographic area and major products and services. Ohio Gathering is excluded from the tables below due to equity method accounting. For more detailed information about reportable segments, see Note 4.

	Reportable Segments									Total
	Year ended December 31, 2019									
	Utica Shale	Williston Basin	DJ Basin	Permian Basin	Piceance Basin	Barnett Shale	Marcellus Shale	Total reportable segments	All other segments	
(In thousands)										
Major products / services lines										
Gathering services and related fees	\$31,926	\$ 77,626	\$21,940	\$ 3,610	\$121,357	\$47,862	\$ 24,471	\$328,792	\$ (2,045)	\$326,747
Natural gas, NGLs and condensate sales	—	16,461	389	16,383	7,954	17,147	—	58,334	28,660	86,994
Other revenues	2,065	11,564	3,721	310	4,327	6,793	—	28,780	1,007	29,787
Total	\$33,991	\$105,651	\$26,050	\$20,303	\$133,638	\$71,802	\$ 24,471	\$415,906	\$27,622	\$443,528

Reportable Segments										
Year ended December 31, 2018										
	Utica Shale	Williston Basin	DJ Basin	Permian Basin	Piceance Basin	Barnett Shale	Marcellus Shale	Total reportable segments	All other segments	Total

Major products / services lines										
(In thousands)										
Gathering services and related fees	\$35,233	\$ 79,606	\$11,251	\$ 115	\$135,810	\$59,030	\$ 29,573	\$350,618	\$ (6,002)	\$344,616
Natural gas, NGLs and condensate sales	—	31,840	371	843	14,800	2,523	—	50,377	84,457	134,834
Other revenues	—	12,204	3,672	—	4,909	6,712	—	27,497	(294)	27,203
Total	\$35,233	\$123,650	\$15,294	\$ 958	\$155,519	\$68,265	\$ 29,573	\$428,492	\$78,161	\$506,653

Contract balances. Contract assets relate to our rights to consideration for work completed but not billed at the reporting date and consist of the estimated MVC shortfall payments expected from our customers and unbilled activity associated with contributions in aid of construction. Contract assets are transferred to trade receivables when the rights become unconditional. The following table provides information about contract assets from contracts with customers:

	December 31, 2019	December 31, 2018
	(In thousands)	
Contract assets, beginning of period	\$ 8,755	\$ —
Additions	18,077	26,403
Transfers out	(22,930)	(17,648)
Contract assets, end of period	\$ 3,902	\$ 8,755

As of December 31, 2019, receivables with customers totaled \$90.4 million and contract assets totaled \$3.9 million which were included in the Accounts receivable caption on the consolidated balance sheet.

As of December 31, 2018, receivables with customers totaled \$82.9 million and contract assets totaled \$8.8 million which were included in the Accounts receivable caption on the consolidated balance sheet.

Contract liabilities (deferred revenue) relate to the advance consideration received from customers primarily for contributions in aid of construction. We recognize contract liabilities under these arrangements in revenue over the contract period. For the years ended December 31, 2019 and 2018, we recognized \$10.1 million and \$10.8 million, respectively, of gathering services and related fees which was included in the contract liability balance as of the beginning of the period. See Note 9 for additional details.

4. SEGMENT INFORMATION

As of December 31, 2019, our reportable segments are:

- the Utica Shale, which is served by Summit Utica;
- Ohio Gathering, which includes our ownership interest in OGC and OCC;
- the Williston Basin, which is served by Polar and Divide and Bison Midstream;
- the DJ Basin, which is served by Niobrara G&P;
- the Permian Basin, which is served by Summit Permian;
- the Piceance Basin, which is served by Grand River;
- the Barnett Shale, which is served by DFW Midstream; and
- the Marcellus Shale, which is served by Mountaineer Midstream.

Until March 22, 2019, we owned Tioga Midstream, a crude oil, produced water and associated natural gas gathering system operating in the Williston Basin. Until December 1, 2019, we owned certain assets in the Red Rock Gathering system operating in the Piceance Basin. Refer to Note 17 to the consolidated financial statements for details on the sale of Tioga Midstream and on the sale of certain assets in the Red Rock Gathering system.

Each of our reportable segments provides midstream services in a specific geographic area. Our reportable segments reflect the way in which we internally report the financial information used to make decisions and allocate resources in connection with our operations.

The Ohio Gathering reportable segment includes our investment in Ohio Gathering. Income or loss from equity method investees, as reflected on the statements of operations, relates to Ohio Gathering and is recognized and disclosed on a one-month lag (see Note 8).

For the year ended December 31, 2019, other than the investment activity described in Note 8, Double E did not have any results of operations given that the Double E Project is currently under development. The Double E Project is expected to be operational in the third quarter of 2021.

Corporate and Other represents those results that are: (i) not specifically attributable to a reportable segment; (ii) not individually reportable (such as Double E); or (iii) that have not been allocated to our reportable segments for the purpose of evaluating their performance, including certain general and administrative expense items, certain natural gas and crude oil marketing services and transaction costs.

Assets by reportable segment follow.

	December 31,		
	2019	2018	2017
	(In thousands)		
Assets (1):			
Utica Shale	\$ 206,368	\$ 207,357	\$ 212,311
Ohio Gathering	275,000	649,250	690,485
Williston Basin	452,152	526,819	512,860
DJ Basin	205,308	166,580	79,438
Permian Basin	185,708	145,702	57,590
Piceance Basin	631,140	699,638	719,284
Barnett Shale	350,638	376,564	383,306
Marcellus Shale	184,631	208,790	217,362
Total reportable segment assets	2,490,945	2,980,700	2,872,636
Corporate and Other	83,153	56,838	35,332
Eliminations	—	(4,319)	(249)
Total assets	<u>\$2,574,098</u>	<u>\$3,033,219</u>	<u>\$2,907,719</u>

- (1) At December 31, 2019, Corporate and Other included \$34.7 million relating to our investment in Double E (included in the Investment in equity method investees caption of the consolidated balance sheet). At December 31, 2018, Corporate and Other included \$9.6 million of capital expenditures relating to the Double E Project.

Revenues by reportable segment follow.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Revenues (1):			
Utica Shale	\$ 33,991	\$ 35,233	\$ 38,907
Williston Basin	105,651	123,650	161,503
DJ Basin	26,050	15,294	11,860
Permian Basin	20,303	958	—
Piceance Basin	133,638	155,519	154,893
Barnett Shale	71,802	68,265	71,667
Marcellus Shale	24,471	29,573	30,394
Total reportable segments revenue	415,906	428,492	469,224
Corporate and Other	30,552	88,286	26,446
Eliminations	(2,930)	(10,125)	(6,929)
Total revenues	<u>\$443,528</u>	<u>\$506,653</u>	<u>\$488,741</u>

- (1) Excludes revenues earned by Ohio Gathering due to equity method accounting.

Counterparties accounting for more than 10% of total revenues were as follows:

	Year ended December 31,		
	2019	2018	2017
Percentage of total revenues (1):			
Counterparty A - Piceance Basin	11%	*	*
Counterparty B - Williston Basin	10%	*	13%
Counterparty C - Piceance Shale	*	10%	*

(1) Excludes revenues earned by Ohio Gathering due to equity method accounting.

* Less than 10%

Depreciation and amortization, including the amortization expense associated with our favorable and unfavorable (for 2018) gas gathering contracts as reported in other revenues, by reportable segment follows.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Depreciation and amortization (1):			
Utica Shale	\$ 7,659	\$ 7,672	\$ 7,009
Williston Basin	19,829	22,642	33,772
DJ Basin	3,732	3,133	2,636
Permian Basin	4,868	243	—
Piceance Basin	47,018	46,919	46,289
Barnett Shale (2)	16,575	15,325	15,001
Marcellus Shale	9,141	9,090	9,047
Total reportable segment depreciation and amortization	108,822	105,024	113,754
Corporate and Other	2,752	1,906	1,364
Total depreciation and amortization	<u>\$ 111,574</u>	<u>\$ 106,930</u>	<u>\$ 115,118</u>

(1) Excludes depreciation and amortization recognized by Ohio Gathering due to equity method accounting.

(2) Includes the amortization expense associated with our favorable and unfavorable (for 2018) gas gathering contracts as reported in Other revenues.

Cash paid for capital expenditures by reportable segment follow.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Cash paid for capital expenditures (1):			
Utica Shale	\$ 3,902	\$ 5,719	\$ 22,921
Williston Basin	30,861	25,202	17,309
DJ Basin	80,487	64,920	7,150
Permian Basin	44,955	83,823	56,020
Piceance Basin	1,946	7,887	16,564
Barnett Shale (2)	184	1,370	569
Marcellus Shale	693	1,030	641
Total reportable segment capital expenditures	163,028	189,951	121,174
Corporate and Other	19,263	10,635	3,041
Total cash paid for capital expenditures	<u>\$ 182,291</u>	<u>\$ 200,586</u>	<u>\$ 124,215</u>

(1) Excludes cash paid for capital expenditures by Ohio Gathering due to equity method accounting.

(2) For the year ended December 31, 2019, the amount includes sales tax reimbursements of \$1.1 million.

For the years ended December 31, 2019 and 2018, Corporate and Other includes cash paid of \$1.6 million and \$3.3 million, respectively, for corporate purposes; the remainder represents capital expenditures relating to the Double E Project.

We assess the performance of our reportable segments based on segment adjusted EBITDA. We define segment adjusted EBITDA as total revenues less total costs and expenses; plus (i) other income excluding interest income, (ii) our proportional adjusted EBITDA for equity method investees, (iii) depreciation and amortization, (iv) adjustments related to MVC shortfall payments, (v) adjustments related to capital reimbursement activity, (vi) unit-based and noncash compensation, (vii) impairments (viii) other noncash expenses or losses, less other noncash income or gains and (ix)

restructuring expenses. We define proportional adjusted EBITDA for our equity method investees as the product of (i) total revenues less total expenses, excluding impairments and other noncash income or expense items, and amortization for deferred contract costs; and (ii) our ownership interest in Ohio Gathering during the respective period.

For the purpose of evaluating segment performance, we exclude the effect of Corporate and Other revenues and expenses, such as certain general and administrative expenses (including compensation-related expenses and professional services fees), certain natural gas and crude oil marketing services, transaction costs, interest expense and income tax expense or benefit from segment adjusted EBITDA.

Segment adjusted EBITDA by reportable segment follows.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Reportable segment adjusted EBITDA			
Utica Shale	\$ 29,292	\$ 30,285	\$ 34,011
Ohio Gathering	39,126	39,969	41,246
Williston Basin	69,437	76,701	66,413
DJ Basin	18,668	7,558	6,624
Permian Basin	(879)	(1,200)	—
Piceance Basin	98,765	111,042	111,113
Barnett Shale	43,043	43,268	46,232
Marcellus Shale	20,051	24,267	23,888
Total of reportable segments' measures of profit	<u>\$317,503</u>	<u>\$331,890</u>	<u>\$329,527</u>

A reconciliation of income or loss before income taxes and income or loss from equity method investees to total of reportable segments' measures of profit or loss follows.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Reconciliation of (loss) income before income taxes and loss from equity method investees to total of reportable segments' measures of profit:			
(Loss) income before income taxes and loss from equity method investees	\$ (54,644)	\$ 45,575	\$(134,187)
Add:			
Corporate and Other expense	44,808	45,131	40,803
Interest expense	91,966	82,830	88,701
Early extinguishment of debt	—	—	22,039
Depreciation and amortization	111,574	106,930	115,118
Proportional adjusted EBITDA for equity method investees	39,126	39,969	41,246
Adjustments related to MVC shortfall payments	3,476	(3,632)	(41,373)
Adjustments related to capital reimbursement activity	(2,156)	(427)	—
Unit-based and noncash compensation	8,171	8,328	7,951
(Gain) loss on asset sales, net	(1,536)	—	527
Long-lived asset impairment	60,507	7,186	188,702
Goodwill impairment	16,211	—	—
Total of reportable segments' measures of profit	<u>\$317,503</u>	<u>\$331,890</u>	<u>\$ 329,527</u>

For the years ended December 31, 2019 and 2018, adjustments related to MVC shortfall payments recognize the earnings from MVC shortfall payments ratably over the term of the associated MVC (see Note 3).

Contributions in aid of construction are recognized over the remaining term of the respective contract. We include adjustments related to capital reimbursement activity in our calculation of segment adjusted EBITDA to account for revenue recognized from contributions in aid of construction.

For the year ended December 31, 2017, we included adjustments related to MVC shortfall payments in our calculation of segment adjusted EBITDA to account for (i) the net increases or decreases in deferred revenue for MVC shortfall payments and (ii) our inclusion of expected annual MVC shortfall payments. With respect to the impact of a net change in deferred revenue for MVC shortfall payments, we treated increases in deferred revenue balances as a favorable adjustment to segment adjusted EBITDA, while decreases in deferred revenue balances were treated as an unfavorable adjustment to segment adjusted EBITDA. We also included a proportional amount of any historical and expected MVC shortfall payments in each quarter prior to the quarter in which we actually recognize the shortfall payment.

Adjustments related to MVC shortfall payments by reportable segment follow.

	Year ended December 31, 2019			Total
	Williston Basin	Piceance Basin	Barnett Shale	
	(In thousands)			
Adjustments related to expected MVC shortfall payments:	\$ —	\$ (103)	\$ 3,579	\$ 3,476

	Year ended December 31, 2018			Total
	Williston Basin	Piceance Basin	Barnett Shale	
	(In thousands)			
Adjustments related to expected MVC shortfall payments:	\$ —	\$ 10	\$ (3,642)	\$ (3,632)

	Year Ended December 31, 2017			Total
	Williston Basin	Piceance Basin	Barnett Shale	
	(In thousands)			
Adjustments related to MVC shortfall payments:				
Net change in deferred revenue for MVC shortfall payments	\$ (37,693)	\$ (3,065)	\$ —	\$ (40,758)
Expected MVC shortfall adjustments	—	(3)	(612)	(615)
Total adjustments related to MVC shortfall payments	<u>\$ (37,693)</u>	<u>\$ (3,068)</u>	<u>\$ (612)</u>	<u>\$ (41,373)</u>

5. PROPERTY, PLANT AND EQUIPMENT, NET

Details on property, plant and equipment follow.

	December 31, 2019	December 31, 2018
	(In thousands)	
Gathering and processing systems and related equipment	\$ 2,182,950	\$ 2,155,325
Construction in progress	78,716	137,920
Land and line fill	10,137	11,748
Other	54,595	47,319
Total	2,326,398	2,352,312
Less accumulated depreciation	443,909	388,213
Property, plant and equipment, net	<u>\$ 1,882,489</u>	<u>\$ 1,964,099</u>

During 2019, 2018 and 2017, we identified certain events, facts and circumstances which indicated that certain of our property, plant and equipment could be impaired. As such, we reviewed the assets that had been identified as potentially impaired and estimated the fair value of the identified property, plant and equipment using a market-based approach.

In December 2019, we sold certain Red Rock Gathering system assets for a cash purchase price of \$12.0 million. Prior to closing, we recorded an impairment charge of \$14.2 million based on the expected consideration and the carrying value for the Red Rock Gathering system assets. See Note 17 for additional details.

In December 2019, in connection with the cancellation of a project, we determined certain processing plant assets in the Permian Basin would no longer be utilized. As a result, we recorded an impairment charge of \$0.7 million related to these assets in the fourth quarter of 2019. See Note 6 for additional details.

In March 2019, certain events occurred which indicated that certain long-lived assets in the DJ Basin and Barnett Shale reporting segments could be impaired. Consequently, in the first quarter of 2019, we performed a recoverability assessment of certain assets within these reporting segments.

In the DJ Basin, we determined that certain processing plant assets related to our existing 20 MMcf/d plant would no longer be utilized due to our expansion plans for the Niobrara G&P system. Based on the results of the recoverability assessment and the conclusion that the carrying value was not fully recoverable, we recorded an impairment charge of \$34.7 million related to these assets in the first quarter of 2019.

In the Barnett Shale, we determined, in the first quarter of 2019, that certain compressor station assets would be shut down and decommissioned. As a result, we recorded an impairment charge of \$9.7 million related to these assets in the first quarter of 2019. See Note 6 for additional details.

In December 2018, in connection with certain strategic initiatives, we performed a recoverability assessment of certain assets within the Williston Basin reporting segment. Based on the results, we concluded that the carrying value of certain long-lived assets related to the Tioga Midstream system within the Williston Basin were not fully recoverable. We recorded an impairment charge of \$3.9 million related to these assets after comparing the fair value of the long-lived assets to their carrying values. In addition, we reviewed the other assets that had been identified as potentially impaired and recognized the long-lived asset impairments in the table below.

In December 2017, in connection with certain strategic initiatives, we performed a financial review of certain assets within the Williston Basin reporting segment. This resulted in a triggering event that required us to perform a recoverability test. Based on the results of the test, we concluded that the carrying value of certain long-lived assets related to the Bison Midstream system within the Williston Basin were not fully recoverable. We recorded an impairment charge of \$101.9 million related to these assets after comparing the fair value of the long-lived assets to their carrying values. See Note 6 for additional details.

During 2019, 2018 and 2017, we recognized the following long-lived asset impairments, by segment.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Long-lived asset impairment:			
Williston Basin	\$ 10	\$3,972	\$101,961
Piceance Basin	14,162	1,004	697
DJ Basin	34,913	9	—
Barnett Shale	9,629	—	—
Utica Shale	—	1,440	878
Permian Basin	726	761	—

Our impairment determinations, in the context of these reviews, involved significant assumptions and judgments. Differing assumptions regarding any of these inputs could have a significant effect on the various valuations. As such, the fair value measurements utilized within these estimates are classified as non-recurring Level 3 measurements in the fair value hierarchy because they are not observable from objective sources. Due to the volatility of the inputs used, we cannot predict the likelihood of any future impairment.

Depreciation expense and capitalized interest follow.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Depreciation expense	\$78,489	\$74,674	\$ 75,382
Capitalized interest	6,974	8,497	2,579

6. AMORTIZING INTANGIBLE ASSETS

Details regarding our intangible assets, all of which are subject to amortization, follow.

	December 31, 2019		
	Gross carrying amount	Accumulated amortization	Net
	(In thousands)		
Favorable gas gathering contracts	\$ 24,195	\$ (15,125)	\$ 9,070
Contract intangibles	278,448	(169,549)	108,899
Rights-of-way	157,175	(42,866)	114,309
Total intangible assets	<u>\$ 459,818</u>	<u>\$ (227,540)</u>	<u>\$232,278</u>

	December 31, 2018		
	Gross carrying amount	Accumulated amortization	Net
	(In thousands)		
Favorable gas gathering contracts	\$ 24,195	\$ (13,905)	\$ 10,290
Contract intangibles	278,448	(143,962)	134,486
Rights-of-way	166,209	(37,569)	128,640
Total intangible assets	<u>\$ 468,852</u>	<u>\$ (195,436)</u>	<u>\$273,416</u>

In December 2019, in connection with the cancellation of a project, we determined certain rights-of-way intangible assets in the Permian Basin would no longer be utilized (see Note 5). As a result, we recorded an impairment charge of \$0.6 million in the fourth quarter of 2019.

Also in early 2019, certain events occurred which indicated that certain long-lived assets relating to the Barnett Shale reporting segment could be impaired (see Note 5). In connection with this evaluation, we evaluated the related intangible assets associated therewith for impairment consisting of rights-of-way intangible assets. We concluded the rights-of-way intangible assets were also impaired and, as a result, we recorded an impairment charge of \$0.5 million in the first quarter of 2019.

In December 2017, in connection with certain strategic initiatives, we evaluated certain long-lived assets relating to the Bison Midstream system within the Williston Basin reporting segment (see Note 5). In connection with this evaluation, we evaluated the related intangible assets associated therewith for impairment consisting of contract intangible assets and rights-of-way intangible assets. We concluded the contract intangible assets were also impaired and, as a result, we recorded an impairment charge of \$85.2 million.

We recognized amortization expense in Other revenues as follows:

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Amortization expense – favorable gas gathering contracts	\$(1,220)	\$(1,555)	\$(1,555)

We recognized amortization expense in costs and expenses as follows:

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Amortization expense – contract intangibles	\$25,587	\$ 26,141	\$34,202
Amortization expense – rights-of-way	6,278	6,448	6,153

The estimated aggregate annual amortization expected to be recognized for as of December 31, 2019 for each of the five succeeding fiscal years follows.

	Intangible assets (In thousands)
2020	\$ 31,901
2021	28,209
2022	25,142
2023	25,088
2024	14,917

7. GOODWILL

Goodwill for the year ended December 31, 2018 of \$16.2 million was related to the acquisition of the Mountaineer Midstream system in 2013.

Accumulated goodwill impairments by reportable segment for those reporting units that have previously recognized goodwill follow.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Accumulated goodwill impairment:			
Piceance Basin	\$ 45,478	\$ 45,478	\$ 45,478
Williston Basin	257,572	257,572	257,572
Marcellus Shale	16,211	—	—
Total accumulated goodwill impairment	<u>\$319,261</u>	<u>\$303,050</u>	<u>\$303,050</u>

We evaluate goodwill whenever events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill. If the reporting unit's fair value exceeds its carrying value, including goodwill, we conclude that the goodwill of the reporting unit has not been impaired and no further work is performed. If we determine that the reporting unit's carrying value, including goodwill, exceeds its fair value, we recognize the excess of the carrying value over the fair value as a goodwill impairment loss.

We performed our annual goodwill impairment testing for the Mountaineer Midstream reporting unit as of September 30, 2019 using a combination of the income and market approaches. We determined that the fair value of the Mountaineer Midstream reporting unit did not exceed its carrying value, including goodwill. As a result, we recognized a goodwill impairment charge of \$16.2 million for the year ended December 31, 2019.

We had no impairments of goodwill for the years ended December 31, 2018 and 2017.

Fair Value Measurement. Our impairment determinations, in the context of (i) our annual impairment evaluations and (ii) our other-than-annual impairment evaluations involved significant assumptions and judgments. Differing assumptions regarding any of these inputs could have a significant effect on the valuations. As such, the fair value measurements utilized within these models are classified as non-recurring Level 3 measurements in the fair value hierarchy because they are not observable from objective sources.

8. EQUITY METHOD INVESTMENTS

Double E

In June 2019, we formed Double E in connection with the Double E Project. Effective June 26, 2019, Summit Permian Transmission, a wholly owned and consolidated subsidiary of the Partnership, and our JV Partner executed the Agreement whereby Double E will provide natural gas transportation services from multiple receipt points in the Delaware Basin to various delivery points in and around the Waha Hub in Texas. Concurrent with the Agreement, we issued a parental guaranty to fund any capital calls not satisfied by Summit Permian Transmission during the construction of Double E, for an amount not to exceed \$350.0 million. At December 31, 2019, our outstanding parental guaranty for Double E was \$308.9 million. In connection with the Agreement and the related Double E Project, the Partnership contributed total assets of approximately \$23.6 million in exchange for a 70% ownership interest in Double E and our JV Partner contributed \$7.3 million of cash in exchange for a 30% ownership interest in Double E. Concurrent with these contributions, and in accordance with the Agreement, Double E distributed \$7.3 million to the Partnership. Subsequent to the formation of Double E, we also made additional cash investments of \$18.3 million through December 2019.

Double E is deemed to be a variable interest entity as defined in GAAP. As of the date of the Agreement, Summit Permian Transmission was not deemed to be the primary beneficiary due to the JV Partner's voting rights on significant matters. We account for our ownership interest in Double E as an equity method investment because we have significant influence over Double E. Our portion of Double E's net assets, which was \$34.7 million at December 31, 2019, is reported under the caption Investment in equity method investees on the consolidated balance sheet.

For the year ended December 31, 2019, other than the investment activity noted above, Double E did not have any results of operations given that the Double E Project is currently under development.

Ohio Gathering

Ohio Gathering owns, operates and is currently developing midstream infrastructure consisting of a liquids-rich natural gas gathering system, a dry natural gas gathering system and a condensate stabilization facility in the Utica Shale in southeastern Ohio. Ohio Gathering provides gathering services pursuant to primarily long-term, fee-based gathering agreements, which include acreage dedications.

Our initial investment in Ohio Gathering in 2014 included a \$190.0 million payment to acquire a 1% interest from a third party, which included an option to increase our ownership to 40%, as well as a series of contributions directly to Ohio Gathering in 2014, which increased our ownership to 40%. Concurrent with and subsequent to the exercise of the option, the non-affiliated owners have retained their respective 60% ownership interest in Ohio Gathering (the "Non-affiliated Owners").

We account for our ownership interests in Ohio Gathering as an equity method investment because we have joint control with the Non-affiliated Owners, which gives us significant influence.

We recognized the \$190.0 million paid for the initial 1% interest as an investment in Ohio Gathering at inception. In addition, Ohio Gathering assigned a value of \$7.5 million to the exercise option, which it ultimately attributed to our capital account. Neither of the aforementioned transactions involved a flow of funds to or from Ohio Gathering. As such, they created a basis difference between our recorded investment in equity method investees and the amount attributed to us by Ohio Gathering within its financial statements.

In December 2019, we identified certain triggering events which indicated that our equity method investment in Ohio Gathering could be impaired. In accordance with ASC Topic 323, we completed an equity method impairment analysis to determine the equity method impairment charge to be recorded on our consolidated financial statements resulting from an other-than-temporary impairment. As a result of our analysis, an impairment charge of approximately \$329.7 million was recorded in 2019 in Loss from equity method investments on the accompanying consolidated statements of operations.

The fair value of our investment in Ohio Gathering was determined based upon applying the discounted cash flow method, which is an income approach, and the guideline public company method, which is a market approach. The discounted cash flow fair value estimate is based on known or knowable information at the measurement date. The significant assumptions that were used to develop the estimate of the fair value under the discounted cash flow method include management's best estimates of the expected future results using a probability weighted average set of cash flow forecasts and a discount rate of approximately 9.0 percent. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As such, the fair value of the Ohio Gathering equity method investment represents a Level 3 measurement. As a result, actual results may differ from the estimates and assumptions made for purposes of this impairment analysis.

Also in December 2019, an impairment loss of long-lived assets was recognized by OCC. Although we recognize activity for Ohio Gathering on a one-month lag, we recorded an impairment loss of \$6.3 million in Loss from equity method investees in the consolidated statements of operations because the information was available to us.

In December 2018, Ohio Gathering was involved in legal proceedings relating to a dispute regarding pipeline right of way rights and associated trespass claims that took place prior to December 31, 2018. Ohio Gathering received a judgment on those proceedings in January 2019 and recorded an estimate of the legal exposure as of December 31, 2018. Although

we recognize activity for Ohio Gathering on a one-month lag, we recorded the asset impairments and legal contingency in our results of operations for the year ending December 31, 2018 because the information was available to us. We recorded our then 40% share of the asset impairments and legal contingency amounting to \$7.7 million in 2018 in Loss from equity method investees in the consolidated statements of operations.

As a result of our joint venture partner funding a disproportionate amount of the capital calls during the year ended December 31, 2019, our ownership interest in Ohio Gathering decreased from 40.0% at December 31, 2018, to 38.5% at December 31, 2019.

A reconciliation of our 38.5% and 40% ownership interest in Ohio Gathering to our investment per Ohio Gathering's books and records follows for the years ending December 31, 2019 and 2018, respectively (in thousands).

	2019	2018
	(In thousands)	
Investment in Ohio Gathering, December 31	\$275,000	\$ 649,250
December cash distributions	2,700	2,736
Impairment loss (1)	232,521	5,652
Loss contingency	—	2,040
Basis difference	—	(116,832)
Investment in Ohio Gathering, net of basis difference, November 30	\$510,221	\$ 542,846

- (1) Amount is comprised of (i) a \$329.7 million impairment of our equity method investment in Ohio Gathering; (ii) the write-off of our basis difference of (\$103.5) million in Ohio Gathering as a result of the impairment in our equity method investment in Ohio Gathering; and (iii) a \$6.3 million impairment of long-lived assets in OCC.

Summarized balance sheet information for OGC and OCC follows (amounts represent 100% of investee financial information).

	November 30, 2019		November 30, 2018	
	OGC	OCC	OGC	OCC
	(In thousands)			
Current assets	\$ 41,972	\$ 2,187	\$ 37,403	\$ 3,716
Noncurrent assets	1,281,171	28,323	1,262,253	27,203
Total assets	\$1,323,143	\$30,510	\$1,299,656	\$30,919
Current liabilities	\$ 21,798	\$ 4,016	\$ 19,903	\$ 3,912
Noncurrent liabilities	4,113	6,683	3,688	8,807
Total liabilities	\$ 25,911	\$10,699	\$ 23,591	\$12,719

Summarized statements of operations information for OGC and OCC follow (amounts represent 100% of investee financial information).

	Twelve months ended November 30, 2019		Twelve months ended November 30, 2018		Twelve months ended November 30, 2017	
	OGC	OCC	OGC	OCC	OGC	OCC
	(In thousands)					
Total revenues	\$142,138	\$ 8,601	\$142,398	\$10,177	\$140,679	\$8,607
Total operating expenses	108,234	38,815	136,722	9,053	111,897	8,298
Net income (loss)	33,897	(30,214)	5,670	498	28,785	(907)

9. DEFERRED REVENUE

Certain of our gathering and/or processing agreements provide for monthly or annual MVCs. The amount of the shortfall payment is based on the difference between the actual throughput volume shipped and/or processed for the applicable period and the MVC for the applicable period, multiplied by the applicable gathering or processing fee.

Many of our gas gathering agreements contain provisions that can reduce or delay the cash flows that we expect to receive from our MVCs to the extent that a customer's actual throughput volumes are above or below its MVC for the applicable contracted measurement period. These provisions include the following:

- To the extent that a customer's throughput volumes are less than its MVC for the applicable period and the customer makes a shortfall payment, it may be entitled to an offset in one or more subsequent periods to the extent that its throughput volumes in subsequent periods exceed its MVC for those periods. In such a situation, we would not receive gathering fees on throughput in excess of that customer's MVC (depending on the terms of the specific gas gathering agreement) to the extent that the customer had made a shortfall payment with respect to one or more preceding measurement periods (as applicable).
- To the extent that a customer's throughput volumes exceed its MVC in the applicable contracted measurement period, it may be entitled to apply the excess throughput against its aggregate MVC, thereby reducing the period for which its annual MVC applies. As a result of this mechanism, the weighted-average remaining period for which our MVCs apply will be less than the weighted-average of the original stated contract terms of our MVCs.
- To the extent that certain of our customers' throughput volumes exceed its MVC for the applicable period, there is a crediting mechanism that allows the customer to build a bank of credits that it can utilize in the future to reduce shortfall payments owed in subsequent periods, subject to expiration if there is no shortfall in subsequent periods. The period over which this credit bank can be applied to future shortfall payments varies, depending on the particular gas gathering agreement.

A rollforward of current deferred revenue follows.

	Utica Shale	Williston Basin	DJ Basin	Piceance Basin	Barnett Shale	Marcellus Shale	Total current
	(In thousands)						
Current deferred revenue, January 1, 2018	\$ 18	\$ 1,017	\$ 358	\$ 7,038	\$1,619	\$ 38	\$ 10,088
Additions	18	1,744	943	21,955	1,651	96	26,407
Less revenue recognized	18	1,347	562	21,377	1,628	96	25,028
Current deferred revenue, December 31, 2018	18	1,414	739	7,616	1,642	38	11,467
Additions	18	2,262	5,165	16,211	1,632	38	25,326
Less revenue recognized	18	1,743	3,044	16,813	1,644	38	23,300
Current deferred revenue, December 31, 2019	<u>\$ 18</u>	<u>\$ 1,933</u>	<u>\$2,860</u>	<u>\$ 7,014</u>	<u>\$1,630</u>	<u>\$ 38</u>	<u>\$ 13,493</u>

A rollforward of noncurrent deferred revenue follows.

	Utica Shale	Williston Basin	DJ Basin	Piceance Basin	Barnett Shale	Marcellus Shale	Total noncurrent
	(In thousands)						
Noncurrent deferred, revenue, January 1, 2018	\$ 39	\$ 4,215	\$4,505	\$18,219	\$8,217	\$ 333	\$ 35,528
Additions	—	1,851	3,720	7,869	3,062	—	16,502
Less reclassification to current deferred revenue	18	1,673	941	8,146	1,651	97	12,526
Noncurrent deferred revenue, December 31, 2018	21	4,393	7,284	17,942	9,628	236	39,504
Additions	—	1,940	5,470	6,104	1,579	—	15,093
Less reclassification to current deferred revenue	18	2,699	5,165	6,336	1,632	38	15,888
Noncurrent deferred revenue, December 31, 2019	<u>\$ 3</u>	<u>\$ 3,634</u>	<u>\$7,589</u>	<u>\$17,710</u>	<u>\$9,575</u>	<u>\$ 198</u>	<u>\$ 38,709</u>

10. DEBT

Debt consisted of the following:

	December 31, 2019	December 31, 2018
	(In thousands)	
Summit Holdings' variable rate senior secured Revolving Credit Facility (4.55% at December 31, 2019 and 5.03% at December 31, 2018) due May 2022	\$ 677,000	\$ 466,000
Summit Holdings' 5.5% senior unsecured notes due August 2022	300,000	300,000
Less unamortized debt issuance costs (1)	(1,686)	(2,362)
Summit Holdings' 5.75% senior unsecured notes due April 2025	500,000	500,000
Less unamortized debt issuance costs (1)	(5,015)	(5,907)
SMP Holdings' variable rate senior secured term loan (7.80% at December 31, 2019 and 8.52% at December 31, 2018) due May 2022	161,500	226,750
Less unamortized debt issuance costs (1)	(3,974)	(5,701)
Total debt	1,627,825	1,478,780
Less current portion	5,546	14,500
Total long-term debt	<u>\$ 1,622,279</u>	<u>\$ 1,464,280</u>

(1) Issuance costs are being amortized over the life of the Term Loan B and Senior Notes.

The aggregate amount of debt maturing during each of the years after December 31, 2019 are as follows (in thousands):

2020	\$ —
2021	—
2022	1,138,500
2023	—
2024	—
Thereafter	500,000
Total long-term debt	<u>\$1,638,500</u>

Revolving Credit Facility. Summit Holdings has a senior secured revolving credit facility which allows for revolving loans, letters of credit and swingline loans. The Revolving Credit Facility has a \$1.25 billion borrowing capacity, matures in May 2022, and includes a \$250.0 million accordion feature. As of December 31, 2019, SMLP and the Guarantor Subsidiaries fully and unconditionally and jointly and severally guarantee, and pledge substantially all of their assets in support of, the indebtedness outstanding under the Revolving Credit Facility.

In May 2017, Summit Holdings amended and restated its Revolving Credit Facility with a third amended and restated credit agreement which: (i) maintained the Revolving Credit Facility commitments of \$1.25 billion, (ii) extended the maturity from November 2018 to May 2022, (iii) included a \$250.0 million accordion feature, (iv) maintained the same leverage-based pricing and commitment fee grid, (v) increased the maximum permitted total leverage ratio, as defined in the credit agreement, from 5.00 to 1.00 to 5.50 to 1.00 and (vi) included a maximum permitted senior secured leverage ratio, as defined in the credit agreement, of 3.75 to 1.00. In June 2019, we executed the second amendment to the third amended and restated credit agreement that, among other things, made accommodations for the transactions contemplated by the Agreement and designated Double E as an unrestricted subsidiary under the Revolving Credit Facility. In December 2019, we executed the third amendment to the third amended and restated credit agreement that, among other things, designated the Non-Guarantor Subsidiaries as unrestricted subsidiaries under the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility bear interest, at the election of Summit Holdings, at a rate based on the alternate base rate (as defined in the credit agreement) plus an applicable margin ranging from 0.75% to 1.75% or the adjusted Eurodollar rate (as defined in the credit agreement) plus an applicable margin ranging from 1.75% to 2.75%, with the commitment fee ranging from 0.30% to 0.50% in each case based on our relative leverage at the time of determination. At December 31, 2019, the applicable margin under LIBOR borrowings was 2.75%, the interest rate was 4.55% and the unused portion of the Revolving Credit Facility totaled \$563.9 million, subject to a commitment fee of 0.50%, after giving effect to the issuance thereunder of a \$9.1 million outstanding but undrawn irrevocable standby letter of credit. Based on covenant limits, our available borrowing capacity under the Revolving Credit Facility as of December 31, 2019 was approximately \$100 million. See Note 16 for additional information on our letter of credit.

The Revolving Credit Facility is secured by the membership interests of Summit Holdings and the membership interests of the Guarantor Subsidiaries of Summit Holdings and by substantially all of the assets of Summit Holdings and its Guarantor Subsidiaries (subject to exclusions set forth in the credit agreement). The credit agreement contains affirmative and negative covenants customary for credit facilities of its size and nature that, among other things, limit or restrict the ability (i) to incur additional debt; (ii) to make investments; (iii) to engage in certain mergers, consolidations, acquisitions or sales of assets; (iv) to enter into swap agreements and power purchase agreements; (v) to enter into leases that would cumulatively obligate payments in excess of \$50.0 million over any 12 -month period; and (vi) of Summit Holdings to make distributions, with certain exceptions, including the distribution of Available Cash (as defined in the SMLP Partnership Agreement) if no default or event of default then exists or would result therefrom and Summit Holdings is in pro forma compliance with its financial covenants. In addition, the Revolving Credit Facility requires Summit Holdings to maintain (i) a ratio of consolidated trailing 12 -month earnings before interest, income taxes, depreciation and amortization (“EBITDA”) to net interest expense of not less than 2.5 to 1.0 as defined in the credit agreement, (ii) a ratio of total net indebtedness to consolidated trailing 12 -month EBITDA of not more than 5.50 to 1.00 and, (iii) a ratio of first lien net indebtedness to consolidated trailing 12 -month EBITDA of not more than 3.75 to 1.00.

As of December 31, 2019, we had \$6.2 million of debt issuance costs attributable to our Revolving Credit Facility and related amendments which are included in Other noncurrent assets on the consolidated balance sheet.

As of December 31, 2019, we were in compliance with the Revolving Credit Facility’s financial covenants. There were no defaults or events of default during the year ended December 31, 2019.

Senior Notes. In July 2014, Summit Holdings and its 100% owned finance subsidiary, Finance Corp. (together with Summit Holdings, the “Co-Issuers”) co-issued \$300.0 million of 5.5% senior unsecured notes maturing August 15, 2022 (the “5.5% Senior Notes” and, together with the 5.75% Senior Notes (defined below), the “Senior Notes”).

In 2018, we executed supplemental indentures to include OpCo, Summit Utica, Meadowlark Midstream and Tioga Midstream (through March 22, 2019) as guarantors concurrent with the purchase of a 1% noncontrolling interest held by a subsidiary of Summit Investments (see Note 12 to the consolidated financial statements for additional details). In 2019, we executed a partial release agreement that designated the Non-Guarantor Subsidiaries as unrestricted subsidiaries under the Senior Notes.

The Guarantor Subsidiaries are 100% owned by a subsidiary of SMLP. The Guarantor Subsidiaries and SMLP fully and unconditionally and jointly and severally guarantee the Senior Notes. There are no significant restrictions on the ability of SMLP or Summit Holdings to obtain funds from its subsidiaries by dividend or loan. Finance Corp. has had no assets or operations since inception in 2013. We have no other independent assets or operations. At no time have the Senior Notes been guaranteed by the Co-Issuers.

5.75% Senior Notes. In February 2017, the Co-Issuers completed a public offering of \$500.0 million of 5.75% senior unsecured notes maturing April 15, 2025. We pay interest on the 5.75% Senior Notes semi-annually in cash in arrears on April 15 and October 15 of each year. The 5.75% Senior Notes are senior, unsecured obligations and rank equally in right of payment with all of our existing and future senior obligations. The 5.75% Senior Notes are effectively subordinated in right of payment to all of our secured indebtedness, to the extent of the collateral securing such indebtedness. We used the proceeds from the issuance of the 5.75% Senior Notes to (i) fund the repurchase of the outstanding \$300.0 million principal 7.5% Senior Notes, (ii) pay redemption and call premiums on the 7.5% Senior Notes totaling \$17.9 million and (iii) pay \$172.0 million of the balance outstanding under our Revolving Credit Facility.

At any time prior to April 15, 2020, the Co-Issuers may redeem up to 35% of the aggregate principal amount of the 5.75% Senior Notes at a redemption price of 105.750% of the principal amount of the 5.75% Senior Notes, plus accrued and unpaid interest, if any, but not including, the redemption date, with an amount not greater than the net cash proceeds of certain equity offerings. On and after April 15, 2020, the Co-Issuers may redeem all or part of the 5.75% Senior Notes at a redemption price of 104.313% (with the redemption premium declining ratably each year to 100.000% on and after April 15, 2023), plus accrued and unpaid interest, if any, to, but not including, the redemption date. Debt issuance costs of \$7.7 million are being amortized over the life of the 5.75% Senior Notes.

The 5.75% Senior Notes' indenture restricts SMLP's and the Co-Issuers' ability and the ability of certain of their subsidiaries to: (i) incur additional debt or issue preferred stock; (ii) make distributions, repurchase equity or redeem subordinated debt; (iii) make payments on subordinated indebtedness; (iv) create liens or other encumbrances; (v) make investments, loans or other guarantees; (vi) sell or otherwise dispose of a portion of their assets; (vii) engage in transactions with affiliates; and (viii) make acquisitions or merge or consolidate with another entity. These covenants are subject to a number of important exceptions and qualifications. At any time when the senior notes are rated investment grade by each of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services and no default or event of default under the indenture has occurred and is continuing, many of these covenants will terminate.

The 5.75% Senior Notes' indenture provides that each of the following is an event of default: (i) default for 30 days in the payment when due of interest on the 5.75% Senior Notes; (ii) default in the payment when due of the principal of, or premium, if any, on the 5.75% Senior Notes; (iii) failure by the Co-Issuers or SMLP to comply with certain covenants relating to mergers and consolidations, change of control or asset sales; (iv) failure by SMLP for 180 days after notice to comply with certain covenants relating to the filing of reports with the SEC; (v) failure by the Co-Issuers or SMLP for 30 days after notice to comply with any of the other agreements in the indenture; (vi) specified defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by SMLP or any of its restricted subsidiaries (or the payment of which is guaranteed by SMLP or any of its restricted subsidiaries); (vii) failure by SMLP or any of its restricted subsidiaries to pay certain final judgments aggregating in excess of \$75.0 million; (viii) except as permitted by the indenture, any guarantee of the senior notes shall cease for any reason to be in full force and effect or any guarantor, or any person acting on behalf of any guarantor, shall deny or disaffirm its obligations under its guarantee of the senior notes; and (ix) certain events of bankruptcy, insolvency or reorganization described in the indenture. In the case of an event of default as described in the foregoing clause (ix), all outstanding 5.75% Senior Notes will become due and payable immediately without further action or notice. If any other event of default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the then outstanding 5.75% Senior Notes may declare all the 5.75% Senior Notes to be due and payable immediately.

5.5% Senior Notes. We pay interest on the 5.5% Senior Notes semi-annually in cash in arrears on February 15 and August 15 of each year. The 5.5% Senior Notes are senior, unsecured obligations and rank equally in right of payment with all of our existing and future senior obligations. The 5.5% Senior Notes are effectively subordinated in right of payment to all of our secured indebtedness, to the extent of the collateral securing such indebtedness. We used the proceeds from the issuance of the 5.5% Senior Notes to repay a portion of the balance outstanding under our Revolving Credit Facility.

At any time prior to August 15, 2020, the Co-Issuers may redeem all or part of the 5.5% Senior Notes at a redemption price of 101.375% (with the redemption premium declining to 100.000% on and after August 15, 2020), plus accrued and unpaid interest, if any. Debt issuance costs of \$5.1 million are being amortized over the life of the 5.5% Senior Notes.

The 5.5% Senior Notes' indenture restricts SMLP's and the Co-Issuers' ability and the ability of certain of their subsidiaries to: (i) incur additional debt or issue preferred stock; (ii) make distributions, repurchase equity or redeem subordinated debt; (iii) make payments on subordinated indebtedness; (iv) create liens or other encumbrances; (v) make investments, loans or other guarantees; (vi) sell or otherwise dispose of a portion of their assets; (vii) engage in transactions with affiliates; and (viii) make acquisitions or merge or consolidate with another entity. These covenants are subject to a number of important exceptions and qualifications. At any time when the senior notes are rated investment grade by each of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services and no default or event of default under the indenture has occurred and is continuing, many of these covenants will terminate.

The 5.5% Senior Notes' indenture provides that each of the following is an event of default: (i) default for 30 days in the payment when due of interest on the 5.5% Senior Notes; (ii) default in the payment when due of the principal of, or premium, if any, on the 5.5% Senior Notes; (iii) failure by the Co-Issuers or SMLP to comply with certain covenants relating to mergers and consolidations, change of control or asset sales; (iv) failure by SMLP for 180 days after notice to

comply with certain covenants relating to the filing of reports with the SEC; (v) failure by the Co-Issuers or SMLP for 30 days after notice to comply with any of the other agreements in the indenture; (vi) specified defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by SMLP or any of its restricted subsidiaries (or the payment of which is guaranteed by SMLP or any of its restricted subsidiaries); (vii) failure by SMLP or any of its restricted subsidiaries to pay certain final judgments aggregating in excess of \$20.0 million; (viii) except as permitted by the indenture, any guarantee of the senior notes shall cease for any reason to be in full force and effect or any guarantor, or any person acting on behalf of any guarantor, shall deny or disaffirm its obligations under its guarantee of the senior notes; and (ix) certain events of bankruptcy, insolvency or reorganization described in the indenture. In the case of an event of default as described in the foregoing clause (ix), all outstanding 5.5% Senior Notes will become due and payable immediately without further action or notice. If any other event of default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the then outstanding 5.5% Senior Notes may declare all the 5.5% Senior Notes to be due and payable immediately.

As of and during the December 31, 2019, we were in compliance with the financial covenants governing our Senior Notes. There were no defaults or events of default during the year ended December 31, 2019.

SMP Holdings Term Loan. On March 21, 2017, SMP Holdings closed on a \$300.0 million senior secured term loan facility, (the "Term Loan B") with the maturity date of May 15, 2022. Borrowings under the Term Loan B bear interest at LIBOR plus 6.00% or ABR plus 5.00%, as defined in the Term Loan B credit agreement. At December 31, 2019, the applicable margin under LIBOR borrowings was 6.00% and the interest rate was 7.80%.

The Term Loan B contains certain customary negative covenants, including but not limited to, limitations on the incurrence of debt, limitations on liens, limitations on asset sales and sale leasebacks, limitations on investments, limitations on dividends, limitations on distributions, limitations on prepayments, and limitations on transactions with affiliates. The Term Loan B also includes a maintenance covenant consisting of a minimum interest coverage ratio whereby the Company is required to maintain a ratio of operating cash flow less general and administrative expenses paid to cash interest expense for the test period (as defined in the Term Loan B credit agreement) of not less than 2.0 to 1.0.

The Term Loan B contains certain customary representations and warranties, affirmative covenants and events of default, including but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, certain events of insolvency or bankruptcy, material judgments, certain events under ERISA, actual or asserted failures of any guaranty or security document supporting the Term Loan B to be in full force and effect and changes of control.

At December 31, 2019, the Term Loan B is secured by the following collateral: (i) a perfected first-priority lien on, and pledge of (A) all of the capital stock issued by SMP Holdings, (B) 34.6 million SMLP units owned by SMP Holdings (see Note 13), (C) all of the equity interests owned by SMP Holdings in Summit Midstream GP, LLC, which is the general partner of SMLP, and (ii) substantially all other personal property of SMP Holdings.

Loans under the Term Loan B must be prepaid under certain circumstances, including with proceeds from certain future debt issuances, asset sales and a portion of excess cash flow for the applicable fiscal quarter. Loans under the Term Loan B may be voluntarily prepaid at any time, subject to certain redemption prices and customary LIBOR breakage costs.

SMP Holdings is required to repay principal amounts outstanding under the Term Loan B quarterly, based on a fixed amortization schedule and to prepay its debt obligations based on an excess cash flow calculation for the applicable fiscal quarter which is determined in accordance with the terms of the Term Loan B credit agreement. The Company's current portion of long-term debt, which includes scheduled principal amortization and excess cash flow prepayments, includes \$2.5 million with respect to its fourth quarter 2019 required excess cash flow payment which will be paid within the second quarter of 2020. We have not included an estimated excess cash flow amount in the current portion of long-term debt relating to the first, second and third quarter of 2020 because the amount is not currently estimable given that the excess cash flow calculation is based on the occurrence of future events.

As a result of the Term Loan B, the Company incurred approximately \$8.7 million of debt issuance costs. As of December 31, 2019, the Company was in compliance the Term Loan B's financial covenants. There were no defaults or events of default during the year ended December 31, 2019.

11. FINANCIAL INSTRUMENTS

Concentrations of Credit Risk. Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, restricted cash and accounts receivable. We maintain our cash and cash equivalents and restricted cash in bank deposit accounts that frequently exceed federally insured limits. We have not experienced any losses in such accounts and do not believe we are exposed to any significant risk.

Accounts receivable primarily comprise amounts due for the gathering, compression, treating and processing services we provide to our customers and also the sale of natural gas liquids resulting from our processing services. This industry concentration has the potential to impact our overall exposure to credit risk, either positively or negatively, in that our customers may be similarly affected by changes in economic, industry or other conditions. We monitor the creditworthiness of our counterparties and can require letters of credit or other forms of credit assurance for receivables from counterparties that are judged to have substandard credit, unless the credit risk can otherwise be mitigated. Our top five customers or counterparties accounted for 46% of total accounts receivable at December 31, 2019, compared to 39% as of December 31, 2018.

Fair Value. The carrying amount of cash and cash equivalents, restricted cash, accounts receivable and trade accounts payable reported on the consolidated balance sheet approximates fair value due to their short-term maturities.

A summary of the estimated fair value of our debt financial instruments follows.

	December 31, 2019		December 31, 2018	
	Carrying value	Estimated fair value (Level 2)	Carrying value	Estimated fair value (Level 2)
	(In thousands)			
Summit Holdings 5.5% Senior Notes (\$300.0 million principal)	\$298,314	\$266,750	\$297,638	\$286,625
Summit Holdings 5.75% Senior Notes (\$500.0 million principal)	494,985	382,708	494,093	455,208

The carrying value on the balance sheet of the Revolving Credit Facility and the Term Loan B is its fair value due to its floating interest rate. The fair value for the Senior Notes is based on an average of nonbinding broker quotes as of December 31, 2019 and 2018. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value of the Senior Notes.

12. PARTNERS' CAPITAL AND MEZZANINE CAPITAL

As a result of the GP Buy-In Transaction, our historical results are those of Summit Investments. The number of common units of 45.3 million represents those of Summit Investments and has been used for the earnings per unit calculations presented herein.

SMLP General Partner and Incentive Distribution Rights ("IDR") Exchange. In March 2019, and prior to the GP Buy-In Transaction, a subsidiary of Summit Investments cancelled its IDR agreement with SMLP and converted its 2% economic general partner interest to a non-economic general partner interest in exchange for 8,750,000 SMLP common units. This exchange is reflected in the Consolidated Statements of Partners' Capital as a reduction to noncontrolling interest and an increase to Partners' Capital.

DPPO Partial Settlement. In November 2019, and prior to the GP Buy-In Transaction, a subsidiary of Summit Investments amended its deferred purchase price obligation ("DPPO") with SMLP in exchange for a cash payment of \$51.75 million and 10,714,285 SMLP common units. This partial settlement of the DPPO is reflected in the Consolidated Statements of Partners' Capital as a reduction to noncontrolling interest and an increase to Partners' Capital.

Unit Offerings. In February 2017, we completed a secondary underwritten public offering of 4,000,000 SMLP common units held by a subsidiary of Summit Investments pursuant to the 2016 SRS. We did not receive any proceeds from this offering.

At-the-market Program. In February 2017, we executed a new equity distribution agreement and filed a prospectus with the SEC for the issuance and sale from time to time of SMLP common units having an aggregate offering price of up to \$150.0 million (the "ATM Program"). During the years ended December 31, 2019 and 2018, there were no transactions under the ATM Program. During the year ended December 31, 2017, we sold 763,548 units under the ATM Program for aggregate gross proceeds of \$17.7 million, and paid approximately \$0.2 million as compensation to the sales agents pursuant to the terms of the equity distribution agreement.

Series A Preferred Units. In November 2017, we issued 300,000 Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (the "Series A Preferred Units") representing limited partner interests in the Partnership at a price to the public of \$1,000 per unit. We used the net proceeds of \$293.2 million (after deducting underwriting discounts and offering expenses) to repay outstanding borrowings under our Revolving Credit Facility.

The Series A Preferred Units rank senior to (i) common units representing limited partner interests in the Partnership and (ii) each other class or series of limited partner interests or other equity securities in the Partnership that may be established in the future that expressly ranks junior to the Series A Preferred Units as to the payment of distributions and amounts payable upon a liquidation event (the “Junior Securities”). The Series A Preferred Units rank equal in all respects with each class or series of limited partner interests or other equity securities in the Partnership that may be established in the future that is not expressly made senior or subordinated to the Series A Preferred Units as to the payment of distributions and amounts payable on a liquidation event (the “Parity Securities”). The Series A Preferred Units rank junior to (i) all of the Partnership’s existing and future indebtedness and other liabilities with respect to assets available to satisfy claims against the Partnership and (ii) each other class or series of limited partner interests or other equity securities in the Partnership established in the future that is expressly made senior to the Series A Preferred Units as to the payment of distributions and amounts payable upon a liquidation event. Income is allocated to the Series A Preferred Units in an amount equal to the earned distributions for the respective reporting period.

Distributions on the Series A Preferred Units are cumulative and compounding and are payable semi-annually in arrears on the 15th day of each June and December through and including December 15, 2022, and, thereafter, quarterly in arrears on the 15th day of March, June, September and December of each year (each, a “Distribution Payment Date”) to holders of record as of the close of business on the first business day of the month of the applicable Distribution Payment Date, in each case, when, as, and if declared by the General Partner out of legally available funds for such purpose.

The initial distribution rate for the Series A Preferred Units is 9.50% per annum of the \$1,000 liquidation preference per Series A Preferred Unit. On and after December 15, 2022, distributions on the Series A Preferred Units will accumulate for each distribution period at a percentage of the liquidation preference equal to the three-month LIBOR plus a spread of 7.43%.

Subsidiary Series A Preferred Units. In December 2019, we issued 30,000 Subsidiary Series A Preferred Units representing limited partner interests in Permian Holdco at a price of \$1,000 per unit. We used the net proceeds of \$27.4 million (after deducting underwriting discounts and offering expenses) to fund capital expenses associated with the Double E Project.

On January 16, 2020, we issued 10,000 Subsidiary Series A Preferred Units representing limited partner interests in Permian Holdco at a price of \$1,000 per unit. We used the net proceeds of \$9.7 million (after deducting underwriting discounts and offering expenses) to fund capital expenses associated with the Double E Project.

The proceeds associated with the issuance of Subsidiary Series A Preferred Units is classified as restricted cash on the accompanying consolidated balance sheets in accordance with the underlying agreement with TPG Energy Solutions Anthem, L.P. until the related funding is used for the Double E Project.

Accounting for the Subsidiary Series A Preferred Units

These preferred units are considered redeemable securities under GAAP due to the existence of certain redemption provisions that are outside of our control. Therefore, the securities are classified as temporary equity in the mezzanine section of the consolidated balance sheet.

Initial and Subsequent Measurement

We initially recognized these preferred units at the time of issuance in the amount of \$27.4 million, their issuance date fair value, net of issuance costs. We will not be required to adjust the carrying amount of these preferred units unless it becomes probable that the units would become redeemable. If events or circumstances indicate that redemption is probable, we would accrete these preferred units to the redemption value over a period of time comprising the date redemption first became probable and the date the units can first be redeemed.

The Subsidiary Series A Preferred Units rank senior to each other class or series of limited partner interests or other equity securities in Permian Holdco that may be established in the future that expressly ranks junior to the Subsidiary

Series A Preferred Units as to the payment of distributions and amounts payable upon a liquidation event (the “Junior Securities”). The Subsidiary Series A Preferred Units rank equal in all respects with each class or series of limited partner interests or other equity securities in Permian Holdco that may be established in the future that is not expressly made senior or subordinated to the Subsidiary Series A Preferred Units as to the payment of distributions and amounts payable on a liquidation event (the “Parity Securities”). The Subsidiary Series A Preferred Units rank junior to (i) all of Permian Holdco’s or a subsidiary of Permian Holdco’s future indebtedness and other liabilities with respect to assets available to satisfy claims against Permian Holdco and (ii) each other class or series of limited partner interests or other equity securities in Permian Holdco established in the future that is expressly made senior to the Subsidiary Series A Preferred Units as to the payment of distributions and amounts payable upon a liquidation event. Income is allocated to the Subsidiary Series A Preferred Units in an amount equal to the earned distributions for the respective reporting period.

Distributions on the Subsidiary Series A Preferred Units are cumulative and compounding and are payable 21 days following the quarterly period ended March, June, September and December of each year (each, a “Series A Distribution Payment Date”) to holders of record as of the close of business on the first business day of the month of the applicable Series A Distribution Payment Date, in each case, when, as, and if declared by Permian Holdco out of legally available funds for such purpose.

The distribution rate for the Subsidiary Series A Preferred Units is 7.00% per annum of the \$1,000 liquidation preference per Subsidiary Series A Preferred Unit. A pro-rated initial distribution on the Subsidiary Series A Preferred Units was Paid-in-kind (“PIK”) on January 21, 2020 in an amount equal to 7.00% per Subsidiary Series A Preferred Unit plus 1.00% per annum of the undrawn commitment units.

Cash Distribution Policy

Our Partnership Agreement requires that we distribute all of our available cash, subject to reserves established by our General Partner, within 45 days after the end of each quarter to unitholders of record on the applicable record date. The amount of distributions paid under our policy is subject to fluctuations based on the amount of cash we generate from our business and the decision to make any distribution is determined by our General Partner, taking into consideration the terms of our Partnership Agreement.

Cash Distributions Paid and Declared. Prior to the GP Buy-In Transaction, SMLP paid the following per-unit distributions during the years ended December 31 (All payments represent per-unit distributions based on the SMLP common units outstanding prior to the GP Buy-In Transaction):

	Year ended December 31,		
	2019	2018	2017
Per-unit distributions to unitholders	\$1.4375	\$2.300	\$2.300

On January 29, 2020, the Board of Directors declared a distribution of \$0.125 per unit for the quarterly period ended December 31, 2019. This distribution, which totaled \$11.7 million, was paid on February 14, 2020 to unitholders of record at the close of business on February 7, 2020.

With respect to our Subsidiary Series A Preferred Units relating to the fourth quarter of 2019, we declared a payment-in-kind (“PIK”) of the quarterly distribution, which resulted in the pro-rated issuance of 47 Subsidiary Series A Preferred Units. This PIK amount equates to a pro-rated distribution of \$1.5556 per Subsidiary Series A Preferred Unit for the fourth quarter in 2019, or \$70 on a full year annualized basis.

13. EARNINGS PER UNIT

The following table details the components of EPU.

	Year ended December 31,		
	2019	2018	2017
Numerator for basic and diluted EPU:			
Allocation of net (loss) income among limited partner interests:			
Net (loss) income attributable to limited partners	\$(184,451)	\$31,546	\$(183,411)
Less net income attributable to Series A Preferred Units	28,500	28,500	3,563
Less net income attributable to Subsidiary Series A Preferred Units	58	—	—
Net (loss) income attributable to common limited partners	<u>\$(213,009)</u>	<u>\$ 3,046</u>	<u>\$(186,974)</u>
Denominator for basic and diluted EPU:			
Weighted-average common units outstanding – basic (1)	45,319	45,319	45,319
Effect of nonvested phantom units	—	311	—
Weighted-average common units outstanding – diluted	<u>45,319</u>	<u>45,630</u>	<u>45,319</u>
(Loss) earnings per limited partner unit:			
Common unit – basic	\$ (4.70)	\$ 0.07	\$ (4.13)
Common unit – diluted	\$ (4.70)	\$ 0.07	\$ (4.13)
Nonvested anti-dilutive phantom units excluded from the calculation of diluted EPU	175	2	42

- (1) As a result of the GP Buy-In Transaction, our historical results are those of Summit Investments. The number of common units of 45.3 million represents those of Summit Investments and has been used for the earnings per unit calculations presented herein.

As discussed in Note 10, the Term Loan B is secured by 34.6 million SMLP units owned by SMP Holdings. These common units have not been included in the calculation of EPU because they are not deemed contingently issuable under GAAP.

14. UNIT-BASED AND NONCASH COMPENSATION

SMP Net Profits Interests. In connection with the formation of Summit Investments in 2009, up to 7.5% of total membership interests were authorized for issuance, of which 6.355% had been granted to certain current and former members of management. SMP Net Profits Interests participate in distributions upon time vesting and the achievement of certain distribution targets. The SMP Net Profits Interests were accounted for as compensatory awards. Additional SMP Net Profits Interests were granted through January 2012. All grants vested ratably over five years and provided for accelerated vesting in certain limited circumstances.

As of December 31, 2019, 4.2% of SMP Net Profits Interests were vested and outstanding. There were no nonvested SMP Net Profits Interests as of December 31, 2019 and 2018.

SMLP Long-Term Incentive Plan. The SMLP LTIP provides for equity awards to eligible officers, employees, consultants and directors of our General Partner and its affiliates, thereby linking the recipients' compensation directly to SMLP's performance. The SMLP LTIP is administered by our General Partner's Board of Directors, though such administration function may be delegated to a committee appointed by the board. A total of 5.0 million common units was reserved for issuance pursuant to and in accordance with the SMLP LTIP. As of December 31, 2019, approximately 1.3 million common units remained available for future issuance.

The SMLP LTIP provides for the granting, from time to time, of unit-based awards, including common units, restricted units, phantom units, unit options, unit appreciation rights, distribution equivalent rights, profits interest units and other unit-based awards. Grants are made at the discretion of the Board of Directors or Compensation Committee of our General Partner. The administrator of the SMLP LTIP may make grants under the SMLP LTIP that contain such terms, consistent with the SMLP LTIP, as the administrator may determine are appropriate, including vesting conditions. The administrator of the SMLP LTIP may, in its discretion, base vesting on the grantee's completion of a period of service or upon the achievement of specified financial objectives or other criteria or upon a change of control (as defined in the SMLP LTIP) or as otherwise described in an award agreement. Termination of employment prior to vesting will result in forfeiture of the awards, except in limited circumstances as described in the plan documents. Units that are canceled or forfeited will be available for delivery pursuant to other awards.

The following table presents phantom unit activity:

	Units	Weighted-average grant date fair value
Nonvested phantom units, January 1, 2017	691,955	\$ 19.59
Phantom units granted	371,972	22.50
Phantom units vested	(293,222)	24.76
Phantom units forfeited	(21,431)	20.07
Nonvested phantom units, December 31, 2017	749,274	20.07
Phantom units granted	515,358	15.25
Phantom units vested	(359,016)	22.39
Phantom units forfeited	(41,492)	17.27
Nonvested phantom units, December 31, 2018	864,124	17.11
Phantom units granted	1,913,099	6.48
Phantom units vested	(602,617)	16.78
Phantom units forfeited	(68,611)	12.87
Nonvested phantom units, December 31, 2019	<u>2,105,995</u>	\$ 7.69

A phantom unit is a notional unit that entitles the grantee to receive a common unit upon the vesting of the phantom unit or on a deferred basis upon specified future dates or events or, in the discretion of the administrator, cash equal to the fair market value of a common unit. Distribution equivalent rights for each phantom unit provide for a lump sum cash amount equal to the accrued distributions from the grant date to be paid in cash upon the vesting date.

Phantom units granted to date generally vest ratably over a three-year period. Grant date fair value is determined based on the closing price of our common units on the date of grant multiplied by the number of phantom units awarded to the grantee. Forfeitures are recorded as incurred. Holders of all phantom units granted to date are entitled to receive distribution equivalent rights for each phantom unit, providing for a lump sum cash amount equal to the accrued distributions from the grant date of the phantom units to be paid in cash upon the vesting date. Upon vesting, phantom unit awards may be settled, at our discretion, in cash and/or common units, but the current intention is to settle all phantom unit awards with common units.

The intrinsic value of phantom units that vested during the years ended December 31, follows.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Intrinsic value of vested LTIP awards	\$5,940	\$5,393	\$6,657

As of December 31, 2019, the unrecognized unit-based compensation related to the SMLP LTIP was \$8.5 million. Incremental unit-based compensation will be recorded over the remaining weighted-average vesting period of approximately 1.6 years.

Unit-based compensation recognized in general and administrative expense related to awards under the SMLP LTIP follows.

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
SMLP LTIP unit-based compensation	\$8,171	\$8,328	\$7,951

15. RELATED-PARTY TRANSACTIONS

See Note 12 for disclosure of related partners' capital and mezzanine capital issuances.

16. LEASES, COMMITMENTS AND CONTINGENCIES

Leases. We account for leases in accordance with Topic 842, which we adopted on January 1, 2019, using the modified retrospective method. Under the modified retrospective method, the comparative information is not adjusted and is reported under the accounting standards in effect for those periods. See Note 2 for further discussion of the adoption.

We lease certain office space and equipment under operating leases. We lease office space for our corporate headquarters as well as for corporate offices in Dallas, Denver and Atlanta and offices in and around our gathering systems for terms of between 3 and 10 years. We lease the office space to limit exposure to risks related to ownership, such as fluctuations in real estate prices. In addition, we lease equipment primarily to support our operations in response to the needs of our gathering systems for terms of between 3 and 4 years. We also lease vehicles under finance leases to support our operations in response to the needs of our gathering systems for a term of 3 years. We only lease from reputable companies and our leased assets are not specialized in our industry.

Some of our leases are subject to annual escalations relating to the Consumer Price Index (“CPI”). While lease liabilities are not remeasured as a result of changes to the CPI, changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred.

We have options to extend the lease term of certain office space in Texas, Colorado and West Virginia. The beginning of the noncancelable lease period for these leases ranged from 2014 to 2018 and the lease period ends between 2020 and 2028. These lease agreements contain between one and three options to renew the lease for a period of between two and five years. As of December 31, 2019, the exercise of the renewal options for these leases are not reasonably certain and, as a result, the payments associated with these renewals are not included in the measurement of the lease liability and ROU asset.

We also have options to extend the lease term of certain compression equipment used at the Summit Utica gathering system. The beginning of the noncancelable lease period for these leases was 2017 and the lease period ends in 2020. Upon expiration of the noncancelable lease period, we have the option to renew the leases on a month-to-month basis; we therefore have not included any amounts attributable to renewals in the measurement.

Our leases do not contain residual value guarantees.

In accordance with the provisions in our Revolving Credit Facility, our aggregate finance lease obligations cannot exceed \$50 million in any period of twelve consecutive calendar months during the life of such leases. In accordance with the provisions in our Term Loan B, our aggregate finance lease obligations cannot exceed \$5 million.

In November 2019, we entered into a sublease agreement with a third party to sublease corporate office space in Houston, Texas. The noncancelable sublease period begins in 2020 and the sublease period ends in 2025. The sublease agreement contains one option to renew the lease for five years. We moved our corporate headquarters to the Houston office on March 2, 2020. Our future minimum sublease payments are approximately \$1.2 million.

In March 2019, we entered into an agreement with a third party vendor to construct a transmission line to deliver electric power to the new 60 MMcf/d processing plant in the DJ Basin. The project is expected to cost approximately \$7.8 million and we made an up-front payment of \$3.0 million, which is included in the Property, plant and equipment, net caption on the consolidated balance sheet. During the second quarter of 2019, we exercised an option to increase the capacity of the transmission line for an additional cost of \$4.3 million and we issued an irrevocable standby letter of credit payable to the vendor with an initial term of one year totaling \$9.1 million, which reflects the expected remaining cost of the project. The letter of credit will automatically renew for successive twelve month periods following the initial term, subject to certain adjustments. Once construction is complete, the letter of credit will be adjusted to reflect the final construction cost. We determined the contract contained a lease based on the right to use the constructed transmission line to power the processing plant in the DJ Basin. The project is expected to be completed and the commencement date of the ROU asset will be on or before January 2021.

Our significant assumptions or judgments include the determination of whether a contract contains a lease and the discount rate used in our lease liabilities.

The rate implicit in our lease contracts is not readily determinable. In determining the discount rate used in our lease liabilities, we analyzed certain factors in our incremental borrowing rate, including collateral assumptions and the term

used. Our incremental borrowing rate on the Revolving Credit Facility was 4.55% at December 31, 2019, which reflects the fixed rate at which we could borrow a similar amount, for a similar term and with similar collateral as in the lease contracts at the commencement date.

We adopted the following practical expedients in Topic 842 for all asset classes, which included (i) not being required to reassess whether any expired or existing contracts are or contain leases; (ii) not being required to reassess the lease classification for any expired or existing leases (that is, all existing leases that were classified as operating leases in accordance with Topic 840 will be classified as operating leases, and all existing leases that were classified as capital leases in accordance with Topic 840 will be classified as finance leases); (iii) not being required to reassess initial direct costs for any existing leases; (iv) not recognizing ROU assets and lease liabilities that arise from short-term leases of twelve months or less for any class of underlying asset; (v) not allocating consideration in a contract between lease and nonlease (e.g., maintenance services) components for our leased office space and equipment; and (vi) not evaluating existing or expired land easements that were not previously accounted for as leases under Topic 840.

ROU assets (included in the Property, plant and equipment, net caption on our consolidated balance sheet) and lease liabilities (included in the Other current liabilities and Other noncurrent liabilities captions on our consolidated balance sheet) follow:

	December 31, 2019
	(In thousands)
ROU assets	
Operating	\$ 3,580
Finance	3,159
	<u>\$ 6,739</u>
Lease liabilities, current	
Operating	\$ 1,221
Finance	1,246
	<u>\$ 2,467</u>
Lease liabilities, noncurrent	
Operating	\$ 2,513
Finance	676
	<u>\$ 3,189</u>

Lease cost and Other information follow:

	Year ended December 31, 2019
	(In thousands)
Lease cost	
Finance lease cost:	
Amortization of ROU assets (included in depreciation and amortization)	\$ 1,559
Interest on lease liabilities (included in interest expense)	102
Operating lease cost (included in general and administrative expense)	3,345
	<u>\$ 5,006</u>

	<u>Twelve months ended December 31, 2019</u> (In thousands)	
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from operating leases	\$	3,396
Operating cash outflows from finance leases		102
Financing cash outflows from finance leases		1,873
ROU assets obtained in exchange for new operating lease liabilities		1,218
ROU assets obtained in exchange for new finance lease liabilities		1,350
Weighted-average remaining lease term (years) - operating leases		5.8
Weighted-average remaining lease term (years) - finance leases		2.0
Weighted-average discount rate - operating leases		5%
Weighted-average discount rate - finance leases		4%

We recognize total lease expense incurred or allocated to us in general and administrative expenses. Lease expense related to operating leases, including lease expense incurred on our behalf and allocated to us, was as follows:

	<u>Year ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
	(In thousands)		
Lease expense	\$4,038	\$4,108	\$3,963

Future minimum lease payments due under noncancelable leases at December 31, 2019, were as follows

	<u>December 31, 2019</u> (In thousands)	
	Operating	Finance
2020	\$ 1,705	\$1,299
2021	1,004	616
2022	551	76
2023	408	—
2024	240	—
2025	153	—
Thereafter	742	—
Total future minimum lease payments	<u>\$ 4,803</u>	<u>\$1,991</u>

Future minimum lease payments due under noncancelable operating leases (under ASC 840) at December 31, 2018, were as follows:

	<u>December 31,</u> <u>2018</u>
	(In thousands)
2019	\$ 3,133
2020	1,018
2021	550
2022	506
2023	373
Thereafter	621
Total future minimum lease payments	<u>\$ 6,201</u>

Future payments due under finance leases (under ASC 840) at December 31, 2018, were as follows:

	December 31, 2018
	(In thousands)
2019	\$ 1,473
2020	902
2021	174
Total finance lease obligations	2,549
Less: Amounts representing interest	(104)
Net present value of finance lease obligations	2,445
Less: Amount representing current portion (included in Other current liabilities)	(1,406)
Finance lease obligations, less current portion (included in Other noncurrent liabilities)	<u>\$ 1,039</u>

Environmental Matters. Although we believe that we are in material compliance with applicable environmental regulations, the risk of environmental remediation costs and liabilities are inherent in pipeline ownership and operation. Furthermore, we can provide no assurances that significant environmental remediation costs and liabilities will not be incurred by the Partnership in the future. We are currently not aware of any material contingent liabilities that exist with respect to environmental matters, except as noted below.

In 2015, we learned of the rupture of a four-inch produced water gathering pipeline on the Meadowlark Midstream system near Williston, North Dakota. The incident, which was covered by our insurance policies, was subject to maximum coverage of \$25.0 million from its pollution liability insurance policy and \$200.0 million from its property and business interruption insurance policy. We exhausted the \$25.0 million pollution liability policy in 2015. We submitted property and business interruption claim requests to the insurers and reached a settlement in January 2017. In connection therewith, we recognized \$2.6 million of business interruption recoveries and \$0.4 million of property recoveries.

A rollforward of the aggregate accrued environmental remediation liabilities follows.

	Total
	(In thousands)
Accrued environmental remediation, January 1, 2018	\$ 5,344
Payments made	(3,808)
Additional accruals	4,100
Accrued environmental remediation, December 31, 2018	\$ 5,636
Payments made	(2,284)
Additional accruals	1,299
Accrued environmental remediation, December 31, 2019	<u>\$ 4,651</u>

As of December 31, 2019, we have recognized (i) a current liability for remediation effort expenditures expected to be incurred within the next 12 months and (ii) a noncurrent liability for estimated remediation expenditures and fines expected to be incurred subsequent to December 31, 2020. Each of these amounts represent our best estimate for costs expected to be incurred. Neither of these amounts has been discounted to its present value.

While we cannot predict the ultimate outcome of this matter with certainty for the Partnership or Meadowlark Midstream, especially as it relates to any material liability as a result of any governmental proceeding related to the incident, we believe at this time that it is unlikely that the Partnership will be subject to any material liability as a result of any governmental proceeding related to the rupture. Prior to the GP Buy-In Transaction, Summit Midstream Partners Holdings, LLC, a subsidiary of Summit Investments, had certain indemnity obligations to the Partnership associated with the 2016 sale of Meadowlark Midstream to the Partnership.

Legal Proceedings. The Partnership is involved in various litigation and administrative proceedings arising in the normal course of business. In the opinion of management, any liabilities that may result from these claims or those arising in the normal course of business would not individually or in the aggregate have a material adverse effect on the Partnership's financial position or results of operations.

17. DISPOSITIONS, DROP DOWN TRANSACTIONS AND RESTRUCTURING

Red Rock Gathering Asset Disposition. In December 2019, Red Rock Gathering and certain affiliates of SMLP (collectively, “the Red Rock Parties”) entered into a Purchase and Sale Agreement (the “Red Rock PSA”) pursuant to which the Red Rock Parties agreed to sell certain Red Rock Gathering system assets for a cash purchase price of \$12.0 million, subject to adjustments as provided in the Red Rock PSA (the “Red Rock Sale”). Prior to closing, we recorded an impairment charge of \$14.2 million based on the expected consideration and the carrying value for the Red Rock Gathering system assets. On December 2, 2019, we closed the Red Rock Sale. The impairment is included in the Long-lived asset impairment caption on the consolidated statement of operations. The financial contribution of these assets (a component of the Piceance Basin reportable segment) are included in our consolidated financial statements and footnotes for the period from January 1, 2019 through December 1, 2019.

Tioga Midstream Disposition. In February 2019, Tioga Midstream, LLC, a subsidiary of SMLP, and certain affiliates of SMLP (collectively, “the Tioga Parties”) entered into two Purchase and Sale Agreements (the “Tioga PSAs”) with Hess Infrastructure Partners LP and Hess North Dakota Pipelines LLC (collectively, “Hess Infrastructure”), pursuant to which the Tioga Parties agreed to sell the Tioga Midstream system to Hess Infrastructure for a combined cash purchase price of \$90 million, subject to adjustments as provided in the Tioga PSAs (the “Tioga Midstream Sale”). On March 22, 2019, the Tioga Parties closed the Tioga Midstream Sale and recorded a gain on sale of \$0.9 million based on the difference between the consideration received and the carrying value for Tioga Midstream at closing. The gain is included in the Gain on asset sales, net caption on the consolidated statement of operations. The financial results of Tioga Midstream (a component of the Williston Basin reportable segment) are included in our consolidated financial statements and footnotes through March 22, 2019.

Restructuring Activities. In 2019, our management approved and initiated a plan to restructure our operations resulting in certain management, facility and organizational changes. During the year ended December 31, 2019, we expensed costs of approximately \$5.0 million associated with restructuring activities. These activities consisted primarily of employee-related costs and consulting costs in support of the project. These costs are included within the General and administrative caption on the consolidated statement of operations.

As of December 31, 2019, the components of our restructuring plan are as follows:

- Employee-related costs — we reorganized our workforce and eliminated redundant or unneeded positions. In connection with the workforce restructuring, we expect to incur severance, benefits and other employee related costs of approximately \$6.0 million to be incurred over the twelve months following December 31, 2019. During the fiscal year ended December 31, 2019, we expensed approximately \$3.8 million primarily related to severance, redundant salaries, certain bonuses and other employee benefits in connection with our plan. As of December 31, 2019, we had approximately \$2.7 million included in current liabilities for these costs.

- Consultants — we engaged third-party consulting firms to assist in the evaluation of the Company’s cost structure, to help formulate the plan to implement the project, and to provide project management services for certain project initiatives. During the fiscal year ended December 31, 2019, we expensed approximately \$1.2 million related to these services. As of December 31, 2019, we had approximately \$0.6 million included in current liabilities for these costs. We expect to incur an additional \$0.2 million related to consulting costs to be incurred over the next twelve months following December 31, 2019.

18. UNAUDITED QUARTERLY FINANCIAL DATA

Summarized information on the consolidated results of operations for each of the quarters during the two-year period ended December 31, 2019, follows.

	Quarter ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	(In thousands, except per-unit amounts)			
Total revenues	\$ 112,247	\$ 100,187	\$ 99,686	\$ 131,408
Net (loss) income attributable to SMLP	\$ (345,345)	\$ (11,129)	\$ 3,028	\$ (40,280)
Less net loss attributable to noncontrolling interest	(172,024)	(10,340)	(1,341)	(25,570)
Less net income attributable to Series A Preferred Units	7,125	7,125	7,125	7,125
Less net income attributable to Subsidiary Series A Preferred Units	58	—	—	—
Net loss attributable to common limited partners	<u>\$ (180,504)</u>	<u>\$ (7,914)</u>	<u>\$ (2,756)</u>	<u>\$ (21,835)</u>
Loss per limited partner unit:				
Common unit - basic	\$ (3.98)	\$ (0.17)	\$ (0.06)	\$ (0.48)
Common unit - diluted	\$ (3.98)	\$ (0.17)	\$ (0.06)	\$ (0.48)

	Quarter ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
	(In thousands, except per-unit amounts)			
Total revenues	\$ 133,671	\$ 127,479	\$ 128,183	\$ 117,320
Net (loss) income attributable to SMLP	\$ (3,401)	\$ 14,353	\$ 11,861	\$ 11,507
Less net income (loss) attributable to noncontrolling interest	18,535	30,453	(37,712)	(8,502)
Less net income attributable to Series A Preferred Units	7,125	7,125	7,125	7,125
Net (loss) income attributable to common limited partners	<u>\$ (29,061)</u>	<u>\$ (23,225)</u>	<u>\$ 42,448</u>	<u>\$ 12,884</u>
(Loss) earnings per limited partner unit:				
Common unit - basic	\$ (0.64)	\$ (0.51)	\$ 0.94	\$ 0.28
Common unit - diluted	\$ (0.64)	\$ (0.51)	\$ 0.93	\$ 0.28

19. SUBSEQUENT EVENTS

We have evaluated subsequent events for recognition or disclosure in the consolidated financial statements and no events have occurred that require adjustment to or disclosure in the consolidated financial statements, except for the following.

On May 28, 2020, the Partnership closed on the Purchase Agreement and acquired (i) all the outstanding limited liability company interests of Summit Investments, which is the sole member of SMP Holdings, which in turn owns (a) 34,604,581 common units representing limited partner interests in the Partnership (the “Common Units”) pledged as collateral under the Term Loan B, (b) 10,714,285 Common Units not pledged as collateral under the Term Loan B and (c) the right of SMP Holdings to receive the deferred purchase price obligation under the Contribution Agreement by and between the Partnership and SMP Holdings, dated February 25, 2016, as amended, and (ii) 5,915,827 Common Units held by SMLP Holdings, LLC, a Delaware limited liability company and an affiliate of ECP. The total purchase price under the Purchase Agreement was \$35 million in cash and warrants to purchase up to 10 million Common Units. Pursuant to the Purchase Agreement, SMP Holdings will continue to retain the liabilities stemming from the release of produced water, from a produced water pipeline operated by Meadowlark Midstream Company, LLC that occurred near Marmon, North Dakota and was reported on January 6, 2015. We refer to the transactions contemplated by the Purchase Agreement as the “GP Buy-In Transaction.”

At the closing of the GP Buy-In Transaction, Summit Holdings, a Delaware limited liability company and wholly owned subsidiary of the Partnership (the “Borrower”), borrowed an aggregate principal amount of \$35 million from certain affiliates of ECP pursuant to two separate term loan agreements that will mature on March 31, 2021 (“Term Loan Credit Agreements”), and upon the terms and subject to the other conditions set forth therein (the “Loans”). The Loans under the Term Loan Credit Agreements will bear interest at a rate of 8.00% per annum, and will generally be (i) guaranteed by the Partnership and each subsidiary of the Borrower that guarantees the obligations under the Borrower’s Revolving Credit Facility, and (ii) secured by a first priority lien on and security interest in all property that secures the obligations under the Revolving Credit Facility.

Upon closing of the GP Buy-In Transaction, all directors affiliated with ECP resigned from the Board of Directors. The Board of Directors now consists of a majority of independent directors. Additionally, the Third Amended and Restated Agreement of Limited Partnership of the Partnership was amended and restated, and the Amended and Restated Limited Liability Company Agreement of Partnership’s general partner was amended and restated, to, among other things, provide the holders of common units with voting rights in the election of directors of the Board of Directors on a staggered basis beginning in 2022.

EXPLANATORY NOTE

On May 28, 2020, Summit Midstream Partners, LP, a Delaware limited partnership (the “Partnership”), closed on a Purchase Agreement (the “Purchase Agreement”) with affiliates of Energy Capital Partners II, LLC, a Delaware limited liability company (“ECP”) to acquire all the outstanding limited liability company interests of Summit Midstream Partners, LLC, a Delaware limited liability company (“Summit Investments”). We refer to the transactions contemplated by the Purchase Agreement as the “GP Buy-In Transaction.”

The May 2020 acquisition of Summit Investments was a transaction between entities under common control. As a result, the Partnership recast its financial statements for the period that the entities were under common control by Summit Investments to retrospectively reflect the May 2020 acquisition. Under GAAP, the GP Buy-In Transaction was deemed a transaction among entities under common control with a change in reporting entity. Although the Partnership is the surviving entity for legal purposes, Summit Investments is the surviving entity for accounting purposes; therefore, the historical financial results of the Partnership prior to the GP Buy-In Transaction presented below are those of Summit Investments. Prior to the GP Buy-In Transaction, Summit Investments controlled the Partnership and the Partnership’s financial statements were consolidated into Summit Investments.

The information in this Item 1. Financial Statements includes periods prior to the GP Buy-In Transaction. Consequently, the Partnership’s consolidated financial statements have been retrospectively recast for all periods presented in order to present the financial results of the surviving entity for accounting purposes.

EX 99.4-1

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2020	December 31, 2019
	(In thousands, except unit amounts)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 73,324	\$ 9,530
Restricted cash	4,057	27,392
Accounts receivable	78,948	97,418
Other current assets	4,471	5,521
Total current assets	160,800	139,861
Property, plant and equipment, net	1,870,083	1,882,489
Intangible assets, net	224,076	232,278
Investment in equity method investees	363,578	309,728
Other noncurrent assets	7,760	9,742
Total assets	<u>\$ 2,626,297</u>	<u>\$ 2,574,098</u>
Liabilities and Capital		
Current liabilities:		
Trade accounts payable	\$ 22,307	\$ 24,415
Accrued expenses	11,201	11,339
Deferred revenue	14,318	13,493
Ad valorem taxes payable	3,696	8,477
Accrued interest	15,405	12,346
Accrued environmental remediation	2,016	1,725
Other current liabilities	8,686	12,206
Current portion of long-term debt	7,800	5,546
Total current liabilities	85,429	89,547
Long-term debt	1,641,065	1,622,279
Noncurrent deferred revenue	43,045	38,709
Noncurrent accrued environmental remediation	2,618	2,926
Other noncurrent liabilities	8,044	7,951
Total liabilities	1,780,201	1,761,412
Commitments and contingencies (Note 15)		
Mezzanine Capital		
Subsidiary Series A Preferred Units (66,002 units issued and outstanding at March 31, 2020 and 30,058 units issued and outstanding at December 31, 2019)	62,341	27,450
Partners' Capital		
Series A Preferred Units (300,000 units issued and outstanding at March 31, 2020 and December 31, 2019)	300,741	293,616
Common limited partner capital	300,801	305,550
Noncontrolling interest	182,213	186,070
Total partners' capital	783,755	785,236
Total liabilities, mezzanine capital and partners' capital	<u>\$ 2,626,297</u>	<u>\$ 2,574,098</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended March 31,	
	2020	2019
(In thousands, except per-unit amounts)		
Revenues:		
Gathering services and related fees	\$ 83,792	\$ 86,964
Natural gas, NGLs and condensate sales	13,780	37,928
Other revenues	7,331	6,516
Total revenues	104,903	131,408
Costs and expenses:		
Cost of natural gas and NGLs	8,225	31,759
Operation and maintenance	21,811	24,222
General and administrative	16,561	18,385
Depreciation and amortization	29,666	27,764
Transaction costs	11	2,337
Loss (gain) on asset sales, net	115	(961)
Long-lived asset impairment	3,821	44,951
Total costs and expenses	80,210	148,457
Other (expense) income	(427)	209
Interest expense	(23,828)	(22,742)
Income (loss) before income taxes and income (loss) from equity method investees	438	(39,582)
Income tax benefit (expense)	13	(257)
Income (loss) from equity method investees	3,311	(441)
Net income (loss)	\$ 3,762	\$ (40,280)
Less:		
Net loss attributable to noncontrolling interest	(1,881)	(25,570)
Net income (loss) attributable to limited partners	5,643	(14,710)
Net income attributable to Series A Preferred Units	7,125	7,125
Net income attributable to Subsidiary Series A Preferred Units	945	—
Net loss attributable to common limited partners	\$ (2,427)	\$ (21,835)
Loss per limited partner unit:		
Common unit – basic	\$ (0.05)	\$ (0.48)
Common unit – diluted	\$ (0.05)	\$ (0.48)
Weighted-average limited partner units outstanding:		
Common units – basic	45,319	45,319
Common units – diluted	45,319	45,319

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

	<u>Noncontrolling Interest</u>		<u>Partners' Capital</u>	<u>Total</u>
	<u>Series A Preferred Units</u>	<u>Common Noncontrolling Interests (1)</u>		
	(In thousands)			
Partners' capital, January 1, 2020	\$ 293,616	\$ 186,070	\$ 305,550	\$785,236
Net income (loss)	7,125	(1,881)	(2,427)	2,817
Net cash distributions to SMLP unitholders	—	(6,037)	—	(6,037)
Unit-based compensation	—	2,723	—	2,723
Effect of common unit issuances under SMLP LTIP	—	2,322	(2,322)	—
Tax withholdings and associated payments on vested SMLP LTIP awards	—	(984)	—	(984)
Partners' capital, March 31, 2020	<u>\$ 300,741</u>	<u>\$ 182,213</u>	<u>\$ 300,801</u>	<u>\$783,755</u>

	<u>Noncontrolling Interest</u>		<u>Partners' Capital</u>	<u>Total</u>
	<u>Series A Preferred Units</u>	<u>Common Noncontrolling Interests (1)</u>		
	(In thousands)			
Partners' capital, January 1, 2019	\$ 293,616	\$ 554,472	\$ 543,479	\$1,391,567
Net income (loss)	7,125	(25,570)	(21,835)	(40,280)
Net cash distributions to SMLP unitholders	—	(27,374)	—	(27,374)
Unit-based compensation	—	2,526	—	2,526
Effect of common unit issuances under SMLP LTIP	—	2,387	(2,387)	—
Tax withholdings and associated payments on vested SMLP LTIP awards	—	(2,524)	—	(2,524)
Conversion of noncontrolling interest related to cancellation of subsidiary incentive distribution rights	—	(48,203)	48,203	—
Partners' capital, March 31, 2019	<u>\$ 300,741</u>	<u>\$ 455,714</u>	<u>\$ 567,460</u>	<u>\$1,323,915</u>

(1) Prior to the GP Buy-In Transaction, common noncontrolling interests reported by Summit Investments included equity interests in SMLP that were not owned by Summit Investments.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31,	
	2020	2019
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ 3,762	\$(40,280)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	29,900	28,153
Noncash lease expense	473	765
Amortization of debt issuance costs	1,582	1,549
Unit-based and noncash compensation	2,723	2,526
(Income) loss from equity method investees	(3,311)	441
Distributions from equity method investees	7,494	8,583
Loss (gain) on asset sales, net	115	(961)
Long-lived asset impairment	3,821	44,951
Changes in operating assets and liabilities:		
Accounts receivable	18,470	4,675
Trade accounts payable	3,973	274
Accrued expenses	(138)	(1,274)
Deferred revenue, net	5,161	2,323
Ad valorem taxes payable	(4,781)	(6,184)
Accrued interest	3,059	3,153
Accrued environmental remediation, net	(17)	(548)
Other, net	(2,085)	(2,953)
Net cash provided by operating activities	<u>70,201</u>	<u>45,193</u>
Cash flows from investing activities:		
Capital expenditures	(18,583)	(60,848)
Proceeds from asset sale (net of cash of \$1,475 for the period ended March 31, 2019)	—	89,461
Investment in equity method investee	(58,033)	—
Other, net	217	(120)
Net cash (used in) provided by investing activities	<u>(76,399)</u>	<u>28,493</u>

EX 99.4-5

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)

	March 31,	
	2020	2019
	(In thousands)	
Cash flows from financing activities:		
Net cash Distributions to noncontrolling interest SMLP unitholders	(6,037)	(27,374)
Borrowings under Revolving Credit Facility	55,000	69,000
Repayments under Revolving Credit Facility	(34,000)	(101,000)
Repayments under SMP Holdings term loan	(750)	(12,250)
Debt issuance costs	(101)	(179)
Proceeds from issuance of Series A preferred units, net of costs	33,946	—
Other, net	(1,401)	(2,968)
Net cash provided by (used in) financing activities	<u>46,657</u>	<u>(74,771)</u>
Net change in cash, cash equivalents and restricted cash	40,459	(1,085)
Cash, cash equivalents and restricted cash, beginning of period	36,922	16,173
Cash, cash equivalents and restricted cash, end of period (1)	<u>\$ 77,381</u>	<u>\$ 15,088</u>
Supplemental cash flow disclosures:		
Cash interest paid	\$ 19,660	\$ 19,932
Less capitalized interest	491	1,915
Interest paid (net of capitalized interest)	<u>\$ 19,169</u>	<u>\$ 18,017</u>
Cash paid for taxes	\$ —	\$ —
Noncash investing and financing activities		
Capital expenditures in trade accounts payable (period-end accruals)	\$ 13,765	\$ 23,389
Right-of-use assets relating to ASC Topic 842	—	5,448

(1) A reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets follow:

	March 31,	
	2020	2019
	(In thousands)	
Cash and cash equivalents	\$73,324	\$15,088
Restricted cash	4,057	—
Total cash, cash equivalents and restricted cash	<u>\$77,381</u>	<u>\$15,088</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION, BUSINESS OPERATIONS AND PRESENTATION AND CONSOLIDATION

Organization. SMLP, a Delaware limited partnership, was formed in May 2012 and began operations in October 2012. SMLP is a value-oriented limited partnership focused on developing, owning and operating midstream energy infrastructure assets that are strategically located in unconventional resource basins, primarily shale formations, in the continental United States. Our business activities are conducted through various operating subsidiaries, each of which is owned or controlled by our wholly owned subsidiary holding company, Summit Holdings, a Delaware limited liability company. References to the “Partnership,” “we,” or “our” refer collectively to SMLP and its subsidiaries.

As described further in Note 17, the Partnership closed on its Purchase Agreement (the “Purchase Agreement”) with affiliates of Energy Capital Partners II, LLC, a Delaware limited liability company (“ECP”) on May 28, 2020 to acquire all the outstanding limited liability company interests of Summit Midstream Partners, LLC a Delaware limited liability company (“Summit Investments”). We refer to the transactions contemplated by the Purchase Agreement as the (“GP Buy-In Transaction”). As a result of the GP Buy-In Transaction, the Partnership now indirectly owns its own general partner, Summit Midstream Partners GP, LLC (the “General Partner”), an entity controlled by Summit Investments.

Under GAAP, the GP Buy-In Transaction was deemed a transaction among entities under common control with a change in reporting entity. Although SMLP is the surviving entity for legal purposes, Summit Investments is the surviving entity for accounting purposes; therefore, the historical financial results included herein prior to the GP Buy-In Transaction are those of Summit Investments. Prior to the GP Buy-In Transaction, Summit Investments controlled SMLP and SMLP’s financial statements were consolidated into Summit Investments.

Business Operations. We provide natural gas gathering, compression, treating and processing services as well as crude oil and produced water gathering services pursuant to primarily long-term, fee-based agreements with our customers. Our results are primarily driven by the volumes of natural gas that we gather, compress, treat and/or process as well as by the volumes of crude oil and produced water that we gather. We are the owner-operator of, or have significant ownership interests in, the following gathering and transportation systems:

- Summit Utica, a natural gas gathering system operating in the Appalachian Basin, which includes the Utica and Point Pleasant shale formations in southeastern Ohio;
- Ohio Gathering, a natural gas gathering system and a condensate stabilization facility operating in the Appalachian Basin, which includes the Utica and Point Pleasant shale formations in southeastern Ohio;
- Polar and Divide, a crude oil and produced water gathering system and transmission pipeline operating in the Williston Basin, which includes the Bakken and Three Forks shale formations in northwestern North Dakota;
- Bison Midstream, an associated natural gas gathering system operating in the Williston Basin, which includes the Bakken and Three Forks shale formations in northwestern North Dakota;
- Niobrara G&P, an associated natural gas gathering and processing system operating in the DJ Basin, which includes the Niobrara and Codell shale formations in northeastern Colorado and southeastern Wyoming;
- Summit Permian, an associated natural gas gathering and processing system operating in the northern Delaware Basin, which includes the Wolfcamp and Bone Spring formations, in southeastern New Mexico;
- Double E, a 1.35 Bcf/d natural gas transmission pipeline that is under development and will provide transportation service from multiple receipt points in the Delaware Basin to various delivery points in and around the Waha Hub in Texas;
- Grand River, a natural gas gathering and processing system operating in the Piceance Basin, which includes the Mesaverde formation and the Mancos and Niobrara shale formations in western Colorado;

- DFW Midstream, a natural gas gathering system operating in the Fort Worth Basin, which includes the Barnett Shale formation in north-central Texas; and
- Mountaineer Midstream, a natural gas gathering system operating in the Appalachian Basin, which includes the Marcellus Shale formation in northern West Virginia.

Other than our investments in Double E and Ohio Gathering, all of our business activities are conducted through wholly owned operating subsidiaries.

Presentation and Consolidation. We prepare our unaudited condensed consolidated financial statements in accordance with GAAP as established by the FASB. We make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet dates, including fair value measurements, the reported amounts of revenues and expenses and the disclosure of commitments and contingencies. Further, these estimates and other factors, including those outside of our control, such as the impact of lower commodity prices, may have a significant negative impact to our business, financial condition, results of operations and cash flows. Although management believes these estimates are reasonable, actual results could differ from its estimates.

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and the regulations of the SEC. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations. We believe that the disclosures made are adequate to make the information not misleading. In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments which are necessary to fairly present the unaudited condensed consolidated balance sheet as of March 31, 2020, the unaudited condensed consolidated statements of operations and statements of partners' capital for the three months ended March 31, 2020 and 2019 and the unaudited condensed consolidated statements of cash flows for the three months ended March 31, 2020 and 2019. The balance sheet at December 31, 2019 included herein was derived from our audited financial statements, but does not include all disclosures required by GAAP. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto that are included in our annual report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on March 9, 2020 (the "2019 Annual Report") in addition to the exhibits contained within this Form 8-K. The results of operations for an interim period are not necessarily indicative of results expected for a full year.

Risks and Uncertainties. We are closely monitoring the impact of the outbreak of COVID-19 on all aspects of our business, including how it will impact our customers, employees, supply chain and distribution network. While COVID-19 did not have a material adverse effect on our reported results for the first quarter of 2020, only one month of the quarter was affected by COVID-19 and if the current conditions continue, subsequent quarters may reflect these conditions for a full quarter. We are unable to predict the ultimate impact that COVID-19 may have on our business, future results of operations, financial position or cash flows.

The full extent to which our operations may be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to and volatility in the financial markets remain unknown.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes below, there have been no changes to our significant accounting policies since December 31, 2019.

Recent Accounting Pronouncements. Accounting standard setters frequently issue new or revised accounting rules. We review new pronouncements to determine the impact, if any, on our financial statements. Accounting standards that have or could possibly have a material effect on our financial statements are discussed below.

Recently Adopted Accounting Pronouncements. We have recently adopted the following accounting pronouncement:

- ASU No. 2018-13 Fair Value Measurement (“ASU 2018-13”). ASU 2018-13 updates the disclosure requirements on fair value measurements including new disclosures for the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. ASU 2018-13 modifies existing disclosures including clarifying the measurement uncertainty disclosure. ASU 2018-13 removes certain existing disclosure requirements including the amount and reasons for transfers between Level 1 and Level 2 fair value measurements and the policy for the timing of transfer between levels. The adoption of ASU 2018-13 on January 1, 2020 did not have a material impact on our unaudited condensed consolidated financial statement disclosures.
- ASU No. 2016-13 Financial Instruments – Credit Losses (“ASU 2016-13”). ASU 2016-13 requires the use of a current expected loss model for financial assets measured at amortized cost and certain off-balance sheet credit exposures. Under this model, entities will be required to estimate the lifetime expected credit losses on such instruments based on historical experience, current conditions, and reasonable and supportable forecasts. This amended guidance also expands the disclosure requirements to enable users of financial statements to understand an entity’s assumptions, models and methods for estimating expected credit losses. The changes are effective for annual and interim periods beginning after December 15, 2019, and amendments should be applied using a modified retrospective approach. The adoption of ASU 2016-13 on January 1, 2020 did not have a material impact on our unaudited condensed consolidated financial statements or disclosures.

Accounting Pronouncements Pending Adoption. We have not yet adopted the following accounting pronouncement as of March 31, 2020:

- ASU No. 2020-04 Reference Rate Reform (“ASU 2020-04”). ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform on financial reporting. The amendments in ASU 2020-04 are effective as of March 12, 2020 through December 31, 2022. We are currently evaluating the provisions of ASU 2020-04 to determine its impact on our unaudited condensed consolidated financial statements and disclosures.

3. REVENUE

The majority of our revenue is derived from long-term, fee-based contracts with our customers, which include original terms of up to 25 years. We recognize revenue earned from fee-based gathering, compression, treating and processing services in Gathering services and related fees. We also earn revenue in the Williston Basin and Permian Basin reporting segments from the sale of physical natural gas purchased from our customers under certain percent-of-proceeds arrangements. Under ASC Topic 606, these gathering contracts are presented net within Cost of natural gas and NGLs. We sell natural gas that we retain from certain customers in the Barnett Shale reporting segment to offset the power expenses of the electric-driven compression on the DFW Midstream system. We also sell condensate and NGLs retained from certain of our gathering services in the Piceance Basin and Permian Basin reporting segments. Revenues from the sale of natural gas and condensate are recognized in Natural gas, NGLs and condensate sales; the associated expense is included in Operation and maintenance expense. Certain customers reimburse us for costs we incur on their behalf. We record costs incurred and reimbursed by our customers on a gross basis, with the revenue component recognized in Other revenues.

The transaction price in our contracts is primarily based on the volume of natural gas, crude oil or produced water transferred by our gathering systems to the customer’s agreed upon delivery point multiplied by the contractual rate. For contracts that include MVCs, variable consideration up to the MVC will be included in the transaction price. For contracts that do not include MVCs, we do not estimate variable consideration because the performance obligations are completed and settled on a daily basis. For contracts containing noncash consideration such as fuel received in-kind, we measure the transaction price at the point of sale when the volume, mix and market price of the commodities are known.

We have contracts with MVCs that are variable and constrained. Contracts with greater than monthly MVCs are reviewed on a quarterly basis and adjustments to those estimates are made during each respective reporting period, if necessary.

The transaction price is allocated if the contract contains more than one performance obligation such as contracts that include MVCs. The transaction price allocated is based on the MVC for the applicable measurement period.

Performance obligations. The majority of our contracts have a single performance obligation which is either to provide gathering services (an integrated service) or sell natural gas, NGLs and condensate, which are both satisfied when the related natural gas, crude oil and produced water are received and transferred to an agreed upon delivery point. We also have certain contracts with multiple performance obligations. They include an option for the customer to acquire additional services such as contracts containing MVCs. These performance obligations would also be satisfied when the related natural gas, crude oil and produced water are received and transferred to an agreed upon delivery point. In these instances, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each service in the contract.

Performance obligations for gathering services are generally satisfied over time. We utilize either an output method (i.e., measure of progress) for guaranteed, stand-ready service contracts or an asset/system delivery time estimate for non-guaranteed, as-available service contracts.

Performance obligations for the sale of natural gas, NGLs and condensate are satisfied at a point in time. There are no significant judgments for these transactions because the customer obtains control based on an agreed upon delivery point.

Certain of our gathering and/or processing agreements provide for monthly or annual MVCs. Under these MVCs, our customers agree to ship and/or process a minimum volume of production on our gathering systems or to pay a minimum monetary amount over certain periods during the term of the MVC. A customer must make a shortfall payment to us at the end of the contracted measurement period if its actual throughput volumes are less than its contractual MVC for that period. Certain customers are entitled to utilize shortfall payments to offset gathering fees in one or more subsequent contracted measurement periods to the extent that such customer's throughput volumes in a subsequent contracted measurement period exceed its MVC for that contracted measurement period.

We recognize customer obligations under their MVCs as revenue and contract assets when (i) we consider it remote that the customer will utilize shortfall payments to offset gathering or processing fees in excess of its MVCs in subsequent periods; (ii) the customer incurs a shortfall in a contract with no banking mechanism or claw back provision; (iii) the customer's banking mechanism has expired; or (iv) it is remote that the customer will use its unexercised right.

Our services are typically billed on a monthly basis and we do not offer extended payment terms. We do not have contracts with financing components.

The following table presents estimated revenue expected to be recognized during the remainder of 2020 and over the remaining contract period related to performance obligations that are unsatisfied and are comprised of estimated MVC shortfall payments.

We applied the practical expedient in paragraph 606-10-50-14 of ASC Topic 606 for certain arrangements that we consider optional purchases (i.e., there is no enforceable obligation for the customer to make purchases) and those amounts are therefore excluded from the table.

	2020	2021	2022	2023	2024	Thereafter
	(In thousands)					
Gathering services and related fees	\$86,916	\$102,127	\$84,736	\$66,693	\$50,608	\$ 58,672

EX 99.4-10

Revenue by Category. In the following table, revenue is disaggregated by geographic area and major products and services. Ohio Gathering is excluded from the tables below due to equity method accounting. For more detailed information about reportable segments, see Note 4.

	Reportable Segments							Total reportable segments	All other segments	Total
	Utica Shale	Williston Basin	DJ Basin	Permian Basin	Piceance Basin	Barnett Shale	Marcellus Shale			

Three months ended March 31, 2020

(In thousands)

Major products / services lines										
Gathering services and related fees	\$6,962	\$23,797	\$6,855	\$2,311	\$27,189	\$10,443	\$6,235	\$83,792	\$—	\$83,792
Natural gas, NGLs and condensate sales	—	4,324	70	4,512	1,003	3,871	—	13,780	—	13,780
Other revenues	—	3,142	1,034	187	1,065	1,260	—	6,688	643	7,331
Total	\$6,962	\$31,263	\$7,959	\$7,010	\$29,257	\$15,574	\$6,235	\$104,260	\$643	\$104,903

Reportable Segments
Three months ended March 31, 2019

	Utica Shale	Williston Basin	DJ Basin	Permian Basin	Piceance Basin	Barnett Shale	Marcellus Shale	Total reportable segments	All other segments	Total
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(In thousands)

Major products / services lines										
Gathering services and related fees	\$7,495	\$25,706	\$3,724	\$366	\$31,840	\$13,025	\$6,197	\$88,353	\$(1,389)	\$86,964
Natural gas, NGLs and condensate sales	—	5,585	85	4,221	2,302	604	—	12,797	25,131	37,928
Other revenues	—	2,908	1,007	32	1,138	1,656	—	6,741	(225)	6,516
Total	\$7,495	\$34,199	\$4,816	\$4,619	\$35,280	\$15,285	\$6,197	\$107,891	\$23,517	\$131,408

Contract balances. Contract assets relate to our rights to consideration for work completed but not billed at the reporting date and consist of the estimated MVC shortfall payments expected from our customers and unbilled activity associated with contributions in aid of construction. Contract assets are transferred to trade receivables when the rights become unconditional. The following table provides information about contract assets from contracts with customers:

	March 31, 2020	December 31, 2019
	(In thousands)	
Contract assets, beginning of period	\$3,902	\$8,755
Additions	13,877	18,077
Transfers out	(425)	(22,930)
Contract assets, end of period	\$17,354	\$3,902

As of March 31, 2020, receivables with customers totaled \$58.0 million and contract assets totaled \$17.4 million which were included in the Accounts receivable caption on the unaudited condensed consolidated balance sheet.

As of December 31, 2019, receivables with customers totaled \$90.4 million and contract assets totaled \$3.9 million which were included in the Accounts receivable caption on the unaudited condensed consolidated balance sheet.

Contract liabilities (deferred revenue) relate to the advance consideration received from customers primarily for contributions in aid of construction. We recognize contract liabilities under these arrangements in revenue over the contract period. For the three months ended March 31, 2020 and 2019, we recognized \$2.4 million and \$2.7 million of gathering services and related fees which were included in the contract liability balance as of the beginning of the period. See Note 8 for additional details.

4. SEGMENT INFORMATION

As of March 31, 2020, our reportable segments are:

- the Utica Shale, which is served by Summit Utica;
- Ohio Gathering, which includes our ownership interest in OGC and OCC;
- the Williston Basin, which is served by Polar and Divide and Bison Midstream;
- the DJ Basin, which is served by Niobrara G&P;
- the Permian Basin, which is served by Summit Permian;
- the Piceance Basin, which is served by Grand River;
- the Barnett Shale, which is served by DFW Midstream; and
- the Marcellus Shale, which is served by Mountaineer Midstream.

Until March 22, 2019, we owned Tioga Midstream, a crude oil, produced water and associated natural gas gathering system operating in the Williston Basin. Until December 1, 2019, we owned certain assets in the Red Rock Gathering system operating in the Piceance Basin. Refer to Note 16 to the unaudited condensed consolidated financial statements for details on the sale of Tioga Midstream and on the sale of certain assets in the Red Rock Gathering system.

Each of our reportable segments provides midstream services in a specific geographic area. Our reportable segments reflect the way in which we internally report the financial information used to make decisions and allocate resources in connection with our operations.

The Ohio Gathering reportable segment includes our investment in Ohio Gathering. Income or loss from equity method investees, as reflected on the unaudited condensed consolidated statements of operations, relates to Ohio Gathering and is recognized and disclosed on a one-month lag (see Note 7).

For the three months ended March 31, 2020, other than the investment activity described in Note 7, Double E did not have any results of operations given that the Double E Project is currently under development. The Double E Project is expected to be operational in the third quarter of 2021.

Corporate and Other represents those results that are: (i) not specifically attributable to a reportable segment; (ii) not individually reportable (such as Double E); or (iii) that have not been allocated to our reportable segments for the purpose of evaluating their performance, including certain general and administrative expense items, certain natural gas and crude oil marketing services, construction management fees related to the Double E Project and transaction costs.

Assets by reportable segment follow.

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	(In thousands)	
Assets (1):		
Utica Shale	\$ 205,341	\$ 206,368
Ohio Gathering	271,268	275,000
Williston Basin	452,684	452,152
DJ Basin	200,473	205,308
Permian Basin	184,043	185,708
Piceance Basin	622,403	631,140
Barnett Shale	345,248	350,638
Marcellus Shale	184,279	184,631
Total reportable segment assets	2,465,739	2,490,945
Corporate and Other	160,558	83,153
Total assets	<u>\$ 2,626,297</u>	<u>\$ 2,574,098</u>

- (1) At March 31, 2020, Corporate and Other included \$92.3 million relating to our investment in Double E (included in the Investment in equity method investees caption of the unaudited condensed consolidated balance sheet). At December 31, 2019, Corporate and Other included \$34.7 million relating to our investment in Double E.

Revenues by reportable segment follow.

	Three months ended March 31,	
	2020	2019
(In thousands)		
Revenues (1):		
Utica Shale	\$ 6,962	\$ 7,495
Williston Basin	31,263	34,199
DJ Basin	7,959	4,816
Permian Basin	7,010	4,619
Piceance Basin	29,257	35,280
Barnett Shale	15,574	15,285
Marcellus Shale	6,235	6,197
Total reportable segments revenue	104,260	107,891
Corporate and Other	643	26,838
Eliminations	—	(3,321)
Total revenues	\$ 104,903	\$ 131,408

(1) Excludes revenues earned by Ohio Gathering due to equity method accounting.

Counterparties accounting for more than 10% of total revenues were as follows:

	Three months ended March 31,	
	2020	2019
Percentage of total revenues (1):		
Counterparty A - Piceance Basin	11%	*

(1) Excludes revenues earned by Ohio Gathering due to equity method accounting.

* Less than 10%

Depreciation and amortization, including the amortization expense associated with our favorable gas gathering contracts as reported in Other revenues, by reportable segment follows.

	Three months ended March 31,	
	2020	2019
(In thousands)		
Depreciation and amortization (1):		
Utica Shale	\$ 1,927	\$ 1,908
Williston Basin	6,495	5,436
DJ Basin	1,527	799
Permian Basin	1,345	1,072
Piceance Basin	11,298	11,791
Barnett Shale (2)	4,032	4,330
Marcellus Shale	2,300	2,283
Total reportable segment depreciation and amortization	28,924	27,619
Corporate and Other	976	534
Total depreciation and amortization	\$ 29,900	\$ 28,153

(1) Excludes depreciation and amortization recognized by Ohio Gathering due to equity method accounting.

(2) Includes the amortization expense associated with our favorable gas gathering contracts as reported in Other revenues.

Cash paid for capital expenditures by reportable segment follow.

	Three months ended March 31,	
	2020	2019
	(In thousands)	
Cash paid for capital expenditures (1):		
Utica Shale	\$ 909	\$ 101
Williston Basin	4,943	8,023
DJ Basin	6,298	28,356
Permian Basin	3,281	7,057
Piceance Basin	346	1,226
Barnett Shale (2)	657	(118)
Marcellus Shale	422	102
Total reportable segment capital expenditures	<u>16,856</u>	<u>44,747</u>
Corporate and Other	1,727	16,101
Total cash paid for capital expenditures	<u>\$ 18,583</u>	<u>\$ 60,848</u>

(1) Excludes cash paid for capital expenditures by Ohio Gathering due to equity method accounting.

(2) For the three months ended March 31, 2019, the amount includes sales tax reimbursements of \$1.1 million.

During the three months ended March 31, 2019, Corporate and Other included cash paid of \$0.3 million for corporate purposes; the remainder represents capital expenditures relating to the Double E Project.

We assess the performance of our reportable segments based on segment adjusted EBITDA. We define segment adjusted EBITDA as total revenues less total costs and expenses; plus (i) other income excluding interest income, (ii) our proportional adjusted EBITDA for equity method investees, (iii) depreciation and amortization, (iv) adjustments related to MVC shortfall payments, (v) adjustments related to capital reimbursement activity, (vi) unit-based and noncash compensation, (vii) impairments, (viii) other noncash expenses or losses, less other noncash income or gains and (ix) restructuring expenses. We define proportional adjusted EBITDA for our equity method investees as the product of (i) total revenues less total expenses, excluding impairments and other noncash income or expense items, and amortization for deferred contract costs; and (ii) our ownership interest in Ohio Gathering during the respective period.

For the purpose of evaluating segment performance, we exclude the effect of Corporate and Other revenues and expenses, such as certain general and administrative expenses (including compensation-related expenses and professional services fees), certain natural gas and crude oil marketing services, transaction costs, interest expense and income tax expense or benefit from segment adjusted EBITDA.

Segment adjusted EBITDA by reportable segment follows.

	Three months ended March 31,	
	2020	2019
	(In thousands)	
Reportable segment adjusted EBITDA		
Utica Shale	\$ 5,928	\$ 6,193
Ohio Gathering	7,939	9,210
Williston Basin	16,192	18,734
DJ Basin	5,911	2,673
Permian Basin	1,581	(550)
Piceance Basin	23,557	25,999
Barnett Shale	8,760	11,374
Marcellus Shale	5,320	5,142
Total of reportable segments' measures of profit	<u>\$ 75,188</u>	<u>\$ 78,775</u>

A reconciliation of income or loss before income taxes and income or loss from equity method investees to total of reportable segments' measures of profit or loss follows.

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	(In thousands)	
Reconciliation of income (loss) before income taxes and income (loss) from equity method investees to total of reportable segments' measures of profit:		
Income (loss) before income taxes and income (loss) from equity method investees	\$ 438	\$ (39,582)
Add:		
Corporate and Other expense	12,077	16,650
Interest expense	23,828	22,742
Depreciation and amortization	29,900	28,153
Proportional adjusted EBITDA for equity method investees	7,939	9,210
Adjustments related to MVC shortfall payments	(5,442)	(4,199)
Adjustments related to capital reimbursement activity	(211)	(715)
Unit-based and noncash compensation	2,723	2,526
Loss (gain) on asset sales, net	115	(961)
Long-lived asset impairment	3,821	44,951
Total of reportable segments' measures of profit	<u>\$ 75,188</u>	<u>\$ 78,775</u>

Adjustments related to MVC shortfall payments recognize the earnings from MVC shortfall payments ratably over the term of the associated MVC (see Note 3). Contributions in aid of construction are recognized over the remaining term of the respective contract. We include adjustments related to capital reimbursement activity in our calculation of segment adjusted EBITDA to account for revenue recognized from contributions in aid of construction.

Adjustments related to MVC shortfall payments by reportable segment follow.

	<u>Three months ended March 31, 2020</u>			<u>Total</u>
	<u>Williston Basin</u>	<u>Piceance Basin</u>	<u>Barnett Shale</u>	
	(In thousands)			
Adjustments related to expected MVC shortfall payments:	\$(5,665)	\$ 223	\$ —	\$(5,442)

	<u>Three months ended March 31, 2019</u>			<u>Total</u>
	<u>Williston Basin</u>	<u>Piceance Basin</u>	<u>Barnett Shale</u>	
	(In thousands)			
Adjustments related to expected MVC shortfall payments:	\$(5,549)	\$ (103)	\$ 1,453	\$(4,199)

5. PROPERTY, PLANT AND EQUIPMENT, NET

Details on property, plant and equipment follow.

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	(In thousands)	
Gathering and processing systems and related equipment	\$ 2,193,225	\$ 2,182,950
Construction in progress	73,040	78,716
Land and line fill	10,440	10,137
Other	59,014	54,595
Total	<u>2,335,719</u>	<u>2,326,398</u>
Less accumulated depreciation	465,636	443,909
Property, plant and equipment, net	<u>\$ 1,870,083</u>	<u>\$ 1,882,489</u>

In March 2020, in connection with the cancellation of a compressor station project in the DJ Basin due to delays in customer drilling plans, we recorded an impairment charge of \$3.6 million for the related soft project costs.

In March 2019, certain events occurred which indicated that certain long-lived assets in the DJ Basin and Barnett Shale reporting segments could be impaired. Consequently, in the first quarter of 2019, we performed a recoverability assessment of certain assets within these reporting segments.

Also in March 2019, in the DJ Basin we determined that certain processing plant assets related to our existing 20 MMcf/d plant would no longer be utilized due to our expansion plans for the Niobrara G&P system. Based on the results of the recoverability assessment and the conclusion that the carrying value was not fully recoverable, we recorded an impairment charge of \$34.7 million related to these assets in the first quarter of 2019.

In March 2019, in the Barnett Shale we determined that certain compressor station assets would be shut down and decommissioned. As a result, we recorded an impairment charge of \$9.7 million related to these assets in the first quarter of 2019. See Note 6 for additional details.

Depreciation expense and capitalized interest follow.

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	(In thousands)	
Depreciation expense	\$ 21,698	\$ 19,820
Capitalized interest	491	1,915

6. AMORTIZING INTANGIBLE ASSETS

Details regarding our intangible assets, all of which are subject to amortization, follow:

	<u>March 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net</u>
	(In thousands)		
Favorable gas gathering contracts	\$ 24,195	\$ (15,359)	\$ 8,836
Contract intangibles	278,448	(175,973)	102,475
Rights-of-way	157,175	(44,410)	112,765
Total intangible assets	<u>\$ 459,818</u>	<u>\$ (235,742)</u>	<u>\$ 224,076</u>

	<u>December 31, 2019</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net</u>
	(In thousands)		
Favorable gas gathering contracts	\$ 24,195	\$ (15,125)	\$ 9,070
Contract intangibles	278,448	(169,549)	108,899
Rights-of-way	157,175	(42,866)	114,309
Total intangible assets	<u>\$ 459,818</u>	<u>\$ (227,540)</u>	<u>\$ 232,278</u>

In March 2019, certain events occurred which indicated that certain long-lived assets relating to the Barnett Shale reporting segment could be impaired (see Note 5). In connection with this evaluation, we evaluated the related intangible assets associated therewith for impairment consisting of rights-of-way intangible assets. We concluded the rights-of-way intangible assets were also impaired and, as a result, we recorded an impairment charge of \$0.5 million in the first quarter of 2019.

We recognized amortization expense in Other revenues as follows:

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	(In thousands)	
Amortization expense – favorable gas gathering contracts	\$ (234)	\$ (389)

We recognized amortization expense in costs and expenses as follows:

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	(In thousands)	
Amortization expense – contract intangibles	\$ 6,424	\$ 6,397
Amortization expense – rights-of-way	1,544	1,547

The estimated aggregate annual amortization expected to be recognized for the remainder of 2020 and each of the four succeeding fiscal years follows.

	Intangible assets (In thousands)
2020	\$ 23,926
2021	28,209
2022	25,142
2023	25,088
2024	14,917

7. EQUITY METHOD INVESTMENTS

Double E

In June 2019, we formed Double E in connection with the Double E Project. Effective June 26, 2019, Summit Permian Transmission, a wholly owned and consolidated subsidiary of the Partnership, and an affiliate of Double E's foundation shipper (the "JV Partner") executed an agreement whereby Double E will provide natural gas transportation services from multiple receipt points in the Delaware Basin to various delivery points in and around the Waha Hub in Texas (the "Double E Agreement"). Concurrent with the Double E Agreement, we issued a parental guaranty to fund any capital calls not satisfied by Summit Permian Transmission during the construction of the Double E Project, for an amount not to exceed \$350.0 million. The Partnership has guaranteed, among other things, payment of our pro rata share of the required capital calls during construction of the Double E Project and, as of March 31, 2020, we estimate that our pro rata share of our remaining capital contributions is approximately \$251 million. In connection with the Double E Agreement and the related Double E Project, the Partnership contributed total assets of approximately \$23.6 million in exchange for a 70% ownership interest in Double E and our JV Partner contributed \$7.3 million of cash in exchange for a 30% ownership interest in Double E. Concurrent with these contributions, and in accordance with the Double E Agreement, Double E distributed \$7.3 million to the Partnership. Subsequent to the formation of Double E, we made additional cash investments of \$18.3 million through December 31, 2019.

During the three months ended March 31, 2020, we made cash investments of \$58.0 million in the Double E Project. Upon completion of the Double E Project, we expect to own at least a 50% interest in the Double E Project. We are leading the development, permitting and construction of the Double E Project and expect to operate the pipeline upon commissioning. At our current 70% interest, we estimate that our total share of the capital expenditures required to develop the Double E Project will total approximately \$350.0 million.

Double E is deemed to be a variable interest entity as defined in GAAP. As of the date of the Double E Agreement, Summit Permian Transmission was not deemed to be the primary beneficiary due to the JV Partner's voting rights on significant matters. We account for our ownership interest in Double E as an equity method investment because we have significant influence over Double E. Our portion of Double E's net assets, which was \$92.3 million at March 31, 2020, is reported under the caption Investment in equity method investees on the unaudited condensed consolidated balance sheet.

For the three months ended March 31, 2020, other than the investment activity noted above, Double E did not have any results of operations given that the Double E Project is currently under development.

Ohio Gathering

Ohio Gathering owns and operates midstream infrastructure consisting of a liquids-rich natural gas gathering system, a dry natural gas gathering system and a condensate stabilization facility in the Utica Shale in southeastern Ohio. Ohio Gathering provides gathering services pursuant to primarily long-term, fee-based gathering agreements, which include acreage dedications.

As of March 31, 2020 and December 31, 2019, our ownership interest in Ohio Gathering was 38.5%.

A reconciliation of our 38.5% ownership interest in Ohio Gathering to our investment per Ohio Gathering's books and records follows (in thousands).

Investment in Ohio Gathering, March 31, 2020	\$271,268
March cash distributions	1,875
Basis difference	<u>223,151</u>
Investment in Ohio Gathering February 29, 2020	<u>\$496,294</u>

As noted in our 2019 Annual Report, in December 2019 an impairment loss of long-lived assets was recognized by OCC which brought our investment in OCC to zero. As a result, we have not recorded our portion of OCC's net loss for the three months ended March 31, 2020 in the Income (loss) from equity method investees caption of our unaudited condensed consolidated statements of operations.

Summarized statements of operations information for OGC and OCC follow (amounts represent 100% of investee financial information).

	Three months ended		Three months ended	
	February 29, 2020		February 28, 2019	
	OGC	OCC	OGC	OCC
	(In thousands)			
Total revenues	\$30,068	\$ 2,727	\$33,466	\$ 2,266
Total operating expenses	25,750	30,855	25,487	2,973
Net income (loss)	4,311	(28,128)	7,972	(707)

8. DEFERRED REVENUE

A rollforward of current deferred revenue follows.

	Utica Shale	Williston Basin	DJ Basin	Piceance Basin	Barnett Shale	Marcellus Shale	Total current
	(In thousands)						
Current deferred revenue, January 1, 2020	\$ 18	\$ 1,933	\$ 2,860	\$ 7,014	\$1,630	\$ 38	\$13,493
Additions	2	483	2,123	1,547	396	9	4,560
Less revenue recognized	5	483	1,285	1,544	409	9	3,735
Current deferred revenue, March 31, 2020	<u>\$ 15</u>	<u>\$ 1,933</u>	<u>\$ 3,698</u>	<u>\$ 7,017</u>	<u>\$1,617</u>	<u>\$ 38</u>	<u>\$14,318</u>

A rollforward of noncurrent deferred revenue follows.

	Utica Shale	Williston Basin	DJ Basin	Piceance Basin	Barnett Shale	Marcellus Shale	Total noncurrent
	(In thousands)						
Noncurrent deferred revenue, January 1, 2020	\$ 3	\$ 3,634	\$7,589	\$17,710	\$9,575	\$ 198	\$ 38,709
Additions	425	3,522	3,263	1,304	382	—	8,896
Less reclassification to current deferred revenue	2	483	2,123	1,547	396	9	4,560
Noncurrent deferred revenue, March 31, 2020	<u>\$426</u>	<u>\$ 6,673</u>	<u>\$8,729</u>	<u>\$17,467</u>	<u>\$9,561</u>	<u>\$ 189</u>	<u>\$ 43,045</u>

9. DEBT

Debt consisted of the following:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	(In thousands)	
Summit Holdings' variable rate senior secured Revolving Credit Facility (3.74% at March 31, 2020 and 4.55% at December 31, 2019) due May 2022	\$ 698,000	\$ 677,000
Summit Holdings' 5.5% senior unsecured notes due August 2022	300,000	300,000
Less unamortized debt issuance costs (1)	(1,521)	(1,686)
Summit Holdings' 5.75% senior unsecured notes due April 2025	500,000	500,000
Less unamortized debt issuance costs (1)	(4,763)	(5,015)
SMP Holdings' variable rate senior secured term loan (7.00% at March 31, 2020 and 7.80% at December 31, 2019) due May 2022	160,750	161,500
Less unamortized debt issuance costs (1)	(3,601)	(3,974)
Total debt	1,648,865	1,627,825
Less current portion	7,800	5,546
Total long-term debt	<u>\$ 1,641,065</u>	<u>\$ 1,622,279</u>

(1) Issuance costs are being amortized over the life of the Term Loan B and Senior Notes.

Revolving Credit Facility. Summit Holdings has a senior secured revolving credit facility which allows for revolving loans, letters of credit and swingline loans. The Revolving Credit Facility has a \$1.25 billion borrowing capacity, matures in May 2022, and includes a \$250.0 million accordion feature. As of March 31, 2020, SMLP and the Guarantor Subsidiaries fully and unconditionally and jointly and severally guarantee, and pledge substantially all of their assets in support of, the indebtedness outstanding under the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility bear interest, at the election of Summit Holdings, at a rate based on the alternate base rate (as defined in the credit agreement) plus an applicable margin ranging from 0.75% to 1.75% or the adjusted Eurodollar rate, as defined in the credit agreement, plus an applicable margin ranging from 1.75% to 2.75%, with the commitment fee ranging from 0.30% to 0.50% in each case based on our relative leverage at the time of determination. At March 31, 2020, the applicable margin under LIBOR borrowings was 2.75%, the interest rate was 3.74% and the unused portion of the Revolving Credit Facility totaled \$542.9 million, subject to a commitment fee of 0.50%, after giving effect to the issuance thereunder of a \$9.1 million outstanding but undrawn irrevocable standby letter of credit. Based on covenant limits, our available borrowing capacity under the Revolving Credit Facility as of March 31, 2020 was approximately \$120 million. See Note 15 for additional information on our letter of credit.

As of March 31, 2020, we had \$5.5 million of debt issuance costs attributable to our Revolving Credit Facility and related amendments which are included in Other noncurrent assets on the unaudited condensed consolidated balance sheet.

As of and during the three months ended March 31, 2020, we were in compliance with the Revolving Credit Facility's financial covenants. There were no defaults or events of default during the three months ended March 31, 2020.

Senior Notes. In July 2014, Summit Holdings and its 100% owned finance subsidiary, Finance Corp. (together with Summit Holdings, the "Co-Issuers") co-issued \$300.0 million of 5.5% senior unsecured notes maturing August 15, 2022 (the "5.5% Senior Notes" and, together with the 5.75% Senior Notes (defined below), the "Senior Notes") as described in the 2019 Annual Report.

In February 2017, the Co-Issuers completed a public offering of \$500.0 million of 5.75% senior unsecured notes (the "5.75% Senior Notes") maturing April 15, 2025 as described in the 2019 Annual Report.

The Guarantor Subsidiaries are 100% owned by a subsidiary of SMLP. The Guarantor Subsidiaries and SMLP fully and unconditionally and jointly and severally guarantee the Senior Notes. There are no significant restrictions on the ability of SMLP or Summit Holdings to obtain funds from its subsidiaries by dividend or loan. Finance Corp. has had no assets or operations since inception in 2013. We have no other independent assets or operations. At no time have the Senior Notes been guaranteed by the Co-Issuers.

As of and during the three months ended March 31, 2020, we were in compliance with the covenants governing our Senior Notes. There were no defaults or events of default during the three months ended March 31, 2020.

SMP Holdings Term Loan. On March 21, 2017, SMP Holdings closed on a \$300.0 million senior secured term loan facility, (the "Term Loan B") with the maturity date of May 15, 2022. Borrowings under the Term Loan B bear interest at LIBOR plus 6.00% or ABR plus 5.00%, as defined in the Term Loan B credit agreement. At March 31, 2020, the applicable margin under LIBOR borrowings was 6.00% and the interest rate was 7.00%.

At March 31, 2020, the Term Loan B is secured by the following collateral: (i) a perfected first-priority lien on, and pledge of (A) all of the capital stock issued by SMP Holdings, (B) 34.6 million SMLP units owned by SMP Holdings (see Note 12), (C) all of the equity interests owned by SMP Holdings in Summit Midstream GP, LLC, which is the general partner of SMLP, and (ii) substantially all other personal property of SMP Holdings.

SMP Holdings is required to repay principal amounts outstanding under the Term Loan B quarterly, based on a fixed amortization schedule and to prepay its debt obligations based on an excess cash flow calculation for the applicable fiscal quarter which is determined in accordance with the terms of the Term Loan B credit agreement. The Company's current portion of long-term debt, which includes scheduled principal amortization and excess cash flow prepayments, includes \$4.8 million with respect to its fourth quarter 2019 and first quarter 2020 required excess cash flow payments which will be paid within the second quarter of 2020. We have not included an estimated excess cash flow amount in the current portion of long-term debt relating to the second, third and fourth quarter of 2020 because the amount is not currently estimable given that the excess cash flow calculation is based on the occurrence of future events.

As of March 31, 2020, the Company was in compliance the Term Loan B's financial covenants. There were no defaults or events of default during the three months ended March 31, 2020.

10. FINANCIAL INSTRUMENTS

Concentrations of Credit Risk. Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, restricted cash and accounts receivable. We maintain our cash and cash equivalents and restricted cash in bank deposit accounts that frequently exceed federally insured limits. We have not experienced any losses in such accounts and do not believe we are exposed to any significant risk.

Accounts receivable primarily comprise amounts due for the gathering, compression, treating and processing services we provide to our customers and also the sale of natural gas liquids resulting from our processing services. This industry concentration has the potential to impact our overall exposure to credit risk, either positively or negatively, in that our customers may be similarly affected by changes in economic, industry or other conditions. We monitor the creditworthiness of our counterparties and can require letters of credit or other forms of credit assurance for receivables from counterparties that are judged to have substandard credit, unless the credit risk can otherwise be mitigated. Our top five customers or counterparties accounted for 49% of total accounts receivable as of March 31, 2020, compared with 46% as of December 31, 2019.

Fair Value. The carrying amount of cash and cash equivalents, restricted cash, accounts receivable and trade accounts payable reported on the unaudited condensed consolidated balance sheet approximates fair value due to their short-term maturities.

A summary of the estimated fair value of our debt financial instruments follows.

	March 31, 2020		December 31, 2019	
	Carrying value	Estimated fair value (Level 2)	Carrying value	Estimated fair value (Level 2)
	(In thousands)			
Summit Holdings 5.5% Senior Notes (\$300.0 million principal)	\$298,479	\$ 58,875	\$298,314	\$266,750
Summit Holdings 5.75% Senior Notes (\$500.0 million principal)	495,237	53,125	494,985	382,708

The carrying value on the balance sheet of the Revolving Credit Facility and the Term Loan B is its fair value due to its floating interest rate. The fair value for the Senior Notes is based on an average of nonbinding broker quotes as of March 31, 2020 and December 31, 2019. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value of the Senior Notes.

11. PARTNERS' CAPITAL AND MEZZANINE CAPITAL

As a result of the GP Buy-In Transaction, Summit Investments is the surviving entity for accounting purposes; therefore, the historical financial results prior to the GP Buy-In Transaction are those of Summit Investments. The number of common units of 45.3 million represents those of Summit Investments.

SMLP General Partner and Incentive Distribution Rights (“IDR”) Exchange. In March 2019, and prior to the GP Buy-In Transaction, a subsidiary of Summit Investments cancelled its IDR agreement with SMLP and converted its 2% economic general partner interest to a non-economic general partner interest in exchange for 8,750,000 SMLP common units. This exchange is reflected in the Consolidated Statements of Partners' Capital as a reduction to noncontrolling interest and an increase to Partners' Capital.

Series A Preferred Units. In 2017, we issued 300,000 Series A Preferred Units representing limited partner interests in the Partnership at a price to the public of \$1,000 per unit as described in the 2019 Annual Report.

Subsidiary Series A Preferred Units. In December 2019, we issued 30,000 Subsidiary Series A Preferred Units representing limited partner interests in Permian Holdco at a price of \$1,000 per unit as described in the 2019 Annual Report.

During the three months ended March 31, 2020, we issued an additional 35,000 Subsidiary Series A Preferred Units representing limited partner interests in Permian Holdco at a price of \$1,000 per unit. We used the net proceeds of \$33.9 million (after deducting underwriting discounts and offering expenses) to fund our share of capital expenses associated with the Double E Project.

The proceeds associated with the issuance of Subsidiary Series A Preferred Units are classified as restricted cash on the accompanying unaudited condensed consolidated balance sheets in accordance with the underlying agreement with TPG Energy Solutions Anthem, L.P. until the related funding is used for the Double E Project.

Cash Distributions Paid and Declared. Prior to the GP Buy-In Transaction, SMLP paid the following per-unit distributions during the three months ended March 31 (All payments represent per-unit distributions based on the SMLP common units outstanding prior to the GP Buy-In Transaction):

	Three months ended March 31,	
	2020	2019
Per-unit distributions to unitholders	\$ 0.125	\$ 0.575

With respect to our Subsidiary Series A Preferred Units relating to the first quarter of 2020, we declared a payment-in-kind (“PIK”) of the quarterly distribution, which resulted in the issuance of 907 Subsidiary Series A Preferred Units. This PIK amount equates to a distribution of \$13.9433 per Subsidiary Series A Preferred Unit for the first quarter in 2020, or \$70 on an annualized basis. In addition, we issued approximately 38 Subsidiary Series A Preferred Units related to the remaining undrawn commitment (as defined in the underlying agreement with TPG Energy Solutions Anthem, L.P.) as of and for the three months ended March 31, 2020.

12. EARNINGS PER UNIT

The following table details the components of EPU.

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>(In thousands, except per-unit amounts)</u>	
Numerator for basic and diluted EPU:		
Allocation of net income (loss) among limited partner interests:		
Net income (loss) attributable to limited partners	\$ 5,643	\$ (14,710)
Less net income attributable to Series A Preferred Units	7,125	7,125
Less net income attributable to Subsidiary Series A Preferred Units	945	—
Net loss attributable to common limited partners	<u>\$ (2,427)</u>	<u>\$ (21,835)</u>
Denominator for basic and diluted EPU:		
Weighted-average common units outstanding – basic and diluted (1)	<u>45,319</u>	<u>45,319</u>
Loss per limited partner unit:		
Common unit – basic	\$ (0.05)	\$ (0.48)
Common unit – diluted	\$ (0.05)	\$ (0.48)
Nonvested anti-dilutive phantom units excluded from the calculation of diluted EPU	1,889	34

(1) As a result of the GP Buy-In Transaction, our historical results are those of Summit Investments. The number of common units of 45.3 million represents those of Summit Investments and has been used for the earnings per unit calculations presented herein.

As discussed in Note 9, the Term Loan B is secured by 34.6 million SMLP units owned by SMP Holdings. These common units have not been included in the calculation of EPU because they are not deemed contingently issuable under GAAP.

13. UNIT-BASED AND NONCASH COMPENSATION

SMLP Long-Term Incentive Plan. The SMLP LTIP provides for equity awards to eligible officers, employees, consultants and directors of our General Partner and its affiliates. Items to note:

- In March 2020, we granted 3,811,301 phantom units and associated distribution equivalent rights to employees in connection with our annual incentive compensation award cycle. These awards had a grant date fair value of \$0.55 and vest ratably over a three-year period.
- In March 2020, we also issued 549,450 common units to our three independent directors in connection with their annual compensation plan.
- During the three months ended March 31, 2020, 418,999 phantom units vested.
- In March 2020, we increased the number of common units authorized under the SMLP LTIP to 15,000,000 common units and extended the term of the SMLP LTIP for 10 years.
- As of March 31, 2020, approximately 6.9 million common units remained available for future issuance under the SMLP LTIP.

14. RELATED-PARTY TRANSACTIONS

See Note 11 for disclosure of related partners' capital and mezzanine capital issuances.

15. LEASES, COMMITMENTS AND CONTINGENCIES

Leases. We account for leases in accordance with ASC Topic 842. We lease and sublease certain office space and equipment under operating leases. We sublease office space for our corporate headquarters in Houston as well as for corporate offices in Dallas, Denver and Atlanta and offices in and around our gathering systems for terms of between three and ten years. We lease and sublease the office space to limit exposure to risks related to ownership, such as fluctuations in real estate prices. In addition, we lease equipment primarily to support our operations in response to the needs of our gathering systems for terms of between three and four years. We also lease vehicles under finance leases to support our operations in response to the needs of our gathering systems for a term of three years. We only lease from reputable companies and our leased assets are not specialized in our industry.

Some of our leases are subject to annual escalations according to the Consumer Price Index (“CPI”). While lease liabilities are not remeasured as a result of changes to the CPI, changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred.

We have options to extend the lease and sublease terms of certain office space in Texas, Colorado and West Virginia. The beginning of the noncancelable lease and sublease period for these agreements ranges from 2014 to 2020 and the lease and sublease period ends between 2020 and 2028. These lease and sublease agreements contain between one and three options to renew the lease and sublease for a period of between two and five years. As of March 31, 2020, the exercise of the renewal options for these agreements are not reasonably certain and, as a result, the payments associated with these renewals are not included in the measurement of the lease liability and right-of-use (“ROU”) asset.

We also have options to extend the lease term of certain compression equipment used at the Summit Utica gathering system. The beginning of the noncancelable lease period for these leases is 2017 and the lease period ends in 2020. In April 2020, we renewed the lease period for periods of one to three years. Our future minimum lease payments are approximately \$2.3 million.

Our leases do not contain residual value guarantees.

In accordance with the provisions in our Revolving Credit Facility, our aggregate finance lease obligations cannot exceed \$50 million in any period of twelve consecutive calendar months during the life of such leases. In accordance with the provisions in our Term Loan B, our aggregate finance lease obligations cannot exceed \$5 million.

In March 2019, we entered into an agreement with a third-party vendor to construct a transmission line to deliver electric power to the new 60 MMcf/d processing plant in the DJ Basin. The project is expected to cost approximately \$7.8 million and we made an up-front payment of \$3.0 million, which is included in the Property, plant and equipment, net caption on the unaudited condensed consolidated balance sheet. During the second quarter of 2019, we exercised an option to increase the capacity of the transmission line for an additional cost of \$4.3 million and we issued an irrevocable standby letter of credit payable to the vendor with an initial term of one year totaling \$9.1 million, which reflects the expected remaining cost of the project. The letter of credit will automatically renew for successive twelve-month periods following the initial term, subject to certain adjustments. Once construction is complete, the letter of credit will be adjusted to reflect the final construction cost. We determined the contract contained a lease based on the right to use the constructed transmission line to power the processing plant in the DJ Basin. The project is expected to be completed and the commencement date of the ROU asset will be on or before January 2021.

Our significant assumptions or judgments include the determination of whether a contract contains a lease and the discount rate used in our lease liabilities.

The rate implicit in our lease contracts is not readily determinable. In determining the discount rate used in our lease liabilities, we analyzed certain factors in our incremental borrowing rate, including collateral assumptions and the term used. Our incremental borrowing rate on the Revolving Credit Facility was 4.55% at December 31, 2019, which reflects the fixed rate at which we could borrow a similar amount, for a similar term and with similar collateral as in the lease contracts at the commencement date.

ROU assets (included in the Property, plant and equipment, net caption on our unaudited condensed consolidated balance sheet) and lease liabilities (included in the Other current liabilities and Other noncurrent liabilities captions on our unaudited condensed consolidated balance sheet) follow:

EX 99.4-23

	March 31, 2020	December 31, 2019
	(In thousands)	
ROU assets		
Operating	\$ 4,306	\$ 3,580
Finance	2,649	3,159
	\$ 6,955	\$ 6,739
Lease liabilities, current		
Operating	\$ 967	\$ 1,221
Finance	1,023	1,246
	\$ 1,990	\$ 2,467
Lease liabilities, noncurrent		
Operating	\$ 3,482	\$ 2,513
Finance	483	676
	\$ 3,965	\$ 3,189

Lease cost and Other information follow:

	Three months ended March 31,	
	2020	2019
	(In thousands)	
Lease cost		
Finance lease cost:		
Amortization of ROU assets (included in depreciation and amortization)	\$ 352	\$ 368
Interest on lease liabilities (included in interest expense)	18	23
Operating lease cost (included in general and administrative expense)	772	832
	\$ 1,142	\$ 1,223

	Three months ended March 31,	
	2020	2019
	(In thousands)	
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from operating leases	\$ 708	\$ 821
Operating cash outflows from finance leases	18	23
Financing cash outflows from finance leases	417	445
ROU assets obtained in exchange for new operating lease liabilities	1,199	—
ROU assets obtained in exchange for new finance lease liabilities	—	693
Weighted-average remaining lease term (years) - operating leases	6.0	3.5
Weighted-average remaining lease term (years) - finance leases	2.0	2.0
Weighted-average discount rate - operating leases	5%	5%
Weighted-average discount rate - finance leases	4%	4%

We recognize total lease expense incurred or allocated to us in general and administrative expenses. Lease expense related to operating leases, including lease expense incurred on our behalf and allocated to us, was as follows:

	Three months ended March 31,	
	2020	2019
	(In thousands)	
Lease expense	\$ 953	\$ 990

Future minimum lease payments due under noncancelable leases for the remainder of 2020 and each of the five succeeding fiscal years and thereafter, were as follows:

EX 99.4-24

	March 31, 2020	
	(In thousands)	
	Operating	Finance
2020	\$ 1,046	\$ 873
2021	1,125	606
2022	883	76
2023	741	—
2024	555	—
2025	464	—
Thereafter	742	—
Total future minimum lease payments	<u>\$ 5,556</u>	<u>\$1,555</u>

Future minimum lease payments due under noncancelable leases at December 31, 2019 and each of the five succeeding fiscal years and thereafter, were as follows:

	December 31, 2019	
	(In thousands)	
	Operating	Finance
2020	\$ 1,705	\$1,299
2021	1,004	616
2022	551	76
2023	408	—
2024	240	—
2025	153	—
Thereafter	742	—
Total future minimum lease payments	<u>\$ 4,803</u>	<u>\$1,991</u>

Environmental Matters. Although we believe that we are in material compliance with applicable environmental regulations, the risk of environmental remediation costs and liabilities are inherent in pipeline ownership and operation. Furthermore, we can provide no assurances that significant environmental remediation costs and liabilities will not be incurred by the Partnership in the future. We are currently not aware of any material contingent liabilities that exist with respect to environmental matters, except as noted below.

In 2015, we learned of the rupture of a four-inch produced water gathering pipeline on the Meadowlark Midstream system near Williston, North Dakota. The incident, which was covered by insurance policies, was subject to maximum coverage of \$25.0 million from its pollution liability insurance policy and \$200.0 million from its property and business interruption insurance policy. The pollution liability policy was exhausted in 2015.

A rollforward of the aggregate accrued environmental remediation liabilities follows.

	Total
	(In thousands)
Accrued environmental remediation, January 1, 2020	<u>\$ 4,651</u>
Payments made	(17)
Accrued environmental remediation, March 31, 2020	<u>\$ 4,634</u>

As of March 31, 2020, we have recognized (i) a current liability for remediation effort expenditures expected to be incurred within the next 12 months and (ii) a noncurrent liability for estimated remediation expenditures and fines expected to be incurred subsequent to March 31, 2021. Each of these amounts represent our best estimate for costs expected to be incurred. Neither of these amounts has been discounted to its present value.

While we cannot predict the ultimate outcome of this matter with certainty for the Partnership or Meadowlark Midstream, especially as it relates to any material liability as a result of any governmental proceeding related to the incident, we believe at this time that it is unlikely that the Partnership will be subject to any material liability as a result of any governmental proceeding related to the rupture. Prior to the GP Buy-In Transaction, Summit Midstream Partners Holdings, LLC, a subsidiary of Summit Investments, had certain indemnity obligations to the Partnership associated with the 2016 sale of Meadowlark Midstream to the Partnership.

Legal Proceedings. The Partnership is involved in various litigation and administrative proceedings arising in the normal course of business. In the opinion of management, any liabilities that may result from these claims or those arising in the normal course of business would not individually or in the aggregate have a material adverse effect on the Partnership's financial position or results of operations.

16. DISPOSITIONS, DROP DOWN TRANSACTIONS AND RESTRUCTURING

Tioga Midstream Disposition. In February 2019, Tioga Midstream, LLC, a subsidiary of SMLP, and certain affiliates of SMLP (collectively, “Summit”) entered into two Purchase and Sale Agreements (the “Tioga PSAs”) with Hess Infrastructure Partners LP and Hess North Dakota Pipelines LLC (collectively, “Hess Infrastructure”), pursuant to which Summit agreed to sell the Tioga Midstream system to Hess Infrastructure for a combined cash purchase price of \$90 million, subject to adjustments as provided in the Tioga PSAs (the “Tioga Midstream Sale”). On March 22, 2019, Summit closed the Tioga Midstream Sale and recorded a gain on sale of \$0.9 million based on the difference between the consideration received and the carrying value for Tioga Midstream at closing. The gain is included in the Gain on asset sales, net caption on the unaudited condensed consolidated statement of operations. The financial results of Tioga Midstream (a component of the Williston Basin reportable segment) are included in our unaudited condensed consolidated financial statements and footnotes for the period from January 1, 2019 through March 22, 2019.

Restructuring Activities. In 2019, our management approved and initiated a plan to restructure our operations resulting in certain management, facility and organizational changes. During the three months ended March 31, 2020, we expensed costs of approximately \$2.8 million associated with restructuring activities. These activities consisted primarily of employee-related costs and consulting costs in support of the project. These costs are included within the General and administrative caption on the unaudited condensed consolidated statement of operations.

As of March 31, 2020, the components of our restructuring plan are as follows:

- Employee-related costs — We reorganized our workforce and eliminated redundant or unneeded positions. In connection with the workforce restructuring, we expect to incur severance, benefits and other employee related costs of approximately \$4.1 million over the next nine months following March 31, 2020. During the three months ended March 31, 2020, we expensed approximately \$1.9 million primarily related to severance, redundant salaries, certain bonuses and other employee benefits in connection with our plan. As of March 31, 2020, cash payments were made of approximately \$2.1 million and we had approximately \$2.4 million included in the Other current liabilities caption on the unaudited condensed consolidated balance sheets for these costs, which we expect to pay over the remainder of the year.
- Consultants — We engaged third-party consulting firms to assist in the evaluation of the Partnership’s cost structure, to help formulate the plan to implement the project, and to provide project management services for certain project initiatives. During the three months ended March 31, 2020, we expensed approximately \$0.9 million related to these services. As of March 31, 2020, cash payments of approximately \$1.1 million were made and we had approximately \$0.4 million included in the Other current liabilities caption on the unaudited condensed consolidated balance sheets for these costs, which we expect to pay over the remainder of the year. We expect to incur an additional \$0.2 million related to consulting costs to be incurred over the next nine months following March 31, 2020.

17. SUBSEQUENT EVENTS

We have evaluated subsequent events for recognition or disclosure in the unaudited condensed consolidated financial statements and no events have occurred that require recognition or disclosure, except for the following.

On May 28, 2020, the Partnership closed on the Purchase Agreement and acquired (i) all the outstanding limited liability company interests of Summit Investments, which is the sole member of SMP Holdings, which in turn owns (a) 34,604,581 common units representing limited partner interests in the Partnership (the “Common Units”) pledged as collateral under the Term Loan B, (b) 10,714,285 Common Units not pledged as collateral under the Term Loan B and (c) the right of SMP Holdings to receive the deferred purchase price obligation under the Contribution Agreement by and between the Partnership and SMP Holdings, dated February 25, 2016, as amended, and (ii) 5,915,827 Common Units held by SMLP Holdings, LLC, a Delaware limited liability company and an affiliate of ECP. The total purchase price under the Purchase Agreement was \$35 million in cash and warrants to purchase up to 10 million Common Units. Pursuant to the Purchase Agreement, SMP Holdings will continue to retain the liabilities stemming from the release of produced water, from a produced water pipeline operated by Meadowlark Midstream Company, LLC that occurred near Marmon, North Dakota and was reported on January 6, 2015. We refer to the transactions contemplated by the Purchase Agreement as the “GP Buy-In Transaction.”

At the closing of the GP Buy-In Transaction, Summit Holdings, a Delaware limited liability company and wholly owned subsidiary of the Partnership (the “Borrower”), borrowed an aggregate principal amount of \$35 million from certain affiliates of ECP pursuant to two separate term loan agreements that will mature on March 31, 2021 (“Term Loan Credit Agreements”), and upon the terms and subject to the other conditions set forth therein (the “Loans”). The Loans under the Term Loan Credit Agreements will bear interest at a rate of 8.00% per annum, and will generally be (i) guaranteed by the Partnership and each subsidiary of the Borrower that guarantees the obligations under the Borrower’s Revolving Credit Facility, and (ii) secured by a first priority lien on and security interest in all property that secures the obligations under the Revolving Credit Facility.

Upon closing of the GP Buy-In Transaction, all directors affiliated with ECP resigned from the Board of Directors. The Board of Directors now consists of a majority of independent directors. Additionally, the Third Amended and Restated Agreement of Limited Partnership of the Partnership was amended and restated, and the Amended and Restated Limited Liability Company Agreement of Partnership’s general partner was amended and restated, to, among other things, provide the holders of common units with voting rights in the election of directors of the Board of Directors on a staggered basis beginning in 2022.

On April 10, 2020, we received a formal notice from the New York Stock Exchange (“NYSE”) indicating noncompliance with the continued listing standard set forth in Rule 802.01C of the NYSE Listed Company Manual because the average closing price of our common units had fallen below \$1.00 per unit over a period of 30 consecutive trading days, which is the minimum average unit price for continued listing on the NYSE. We have six months following the receipt of the formal noncompliance notice to cure the deficiency and regain compliance. During this period, our common units will continue trading on the NYSE under our existing ticker symbol, with the addition of a suffix indicating the “below criteria” status of our common units, as “SMLP.BC.” We intend to regain compliance with the NYSE listing standards by pursuing measures which include (i) enhanced capital discipline and operating margins, including a planned 30% reduction in 2020 capital expenditures and ongoing implementation of expense savings initiatives; (ii) debt reduction through capital markets transactions and asset sales; and potentially (iii) consummation of a reverse unit split, subject to approval from our board of directors.

EX 99.4-27

EXPLANATORY NOTE

On May 28, 2020, Summit Midstream Partners, LP, a Delaware limited partnership (the “Partnership”), closed on a Purchase Agreement (the “Purchase Agreement”) with affiliates of Energy Capital Partners II, LLC, a Delaware limited liability company (“ECP”) to acquire all the outstanding limited liability company interests of Summit Midstream Partners, LLC, a Delaware limited liability company (“Summit Investments”). We refer to the transactions contemplated by the Purchase Agreement as the “GP Buy-In Transaction.”

The May 2020 acquisition of Summit Investments was a transaction between entities under common control. As a result, the Partnership recast its financial statements for the period that the entities were under common control by Summit Investments to retrospectively reflect the May 2020 acquisition. Under GAAP, the GP Buy-In Transaction was deemed a transaction among entities under common control with a change in reporting entity. Although the Partnership is the surviving entity for legal purposes, Summit Investments is the surviving entity for accounting purposes; therefore, the historical financial results of the Partnership prior to the GP Buy-In Transaction presented below are those of Summit Investments. Prior to the GP Buy-In Transaction, Summit Investments controlled the Partnership and the Partnership’s financial statements were consolidated into Summit Investments.

The information in this Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations includes periods prior to the GP Buy-In Transaction. Consequently, the Partnership’s consolidated financial statements and this Item 2 have been retrospectively recast for all periods presented in order to present the financial results of the surviving entity for accounting purposes.

EX 99.5-1

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

This Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to inform the reader about matters affecting the financial condition and results of operations of SMLP and its subsidiaries for the periods since December 31, 2019. As a result, the following discussion should be read in conjunction with Item 1, “Financial Statements” and Item 8, “Financial Statements and Supplementary Data” of this Current Report on Form 8-K. Among other things, those financial statements and the related notes include more detailed information regarding the basis of presentation for the following information. This discussion contains forward-looking statements that constitute our plans, estimates and beliefs. These forward-looking statements involve numerous risks and uncertainties, including, but not limited to, those discussed in Forward-Looking Statements. Actual results may differ materially from those contained in any forward-looking statements.

This MD&A comprises the following sections:

- Overview
- Trends and Outlook
- How We Evaluate Our Operations
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Estimates
- Forward-Looking Statements

Overview

We are a value-oriented limited partnership focused on developing, owning and operating midstream energy infrastructure assets that are strategically located in unconventional resource basins, primarily shale formations, in the continental United States.

We classify our midstream energy infrastructure assets into two categories:

- Core Focus Areas – core producing areas of basins in which we expect our gathering systems to experience greater long-term growth, driven by our customers’ ability to generate more favorable returns and support sustained drilling and completion activity in varying commodity price environments. In the near-term, we expect to concentrate the majority of our capital expenditures in our Core Focus Areas. Our Utica Shale, Ohio Gathering, Williston Basin, DJ Basin and Permian Basin reportable segments (as described below) comprise our Core Focus Areas.
- Legacy Areas – production basins in which we expect volume throughput on our gathering systems to experience relatively lower long-term growth compared to our Core Focus Areas, given that our customers require relatively higher commodity prices to support drilling and completion activities in these basins. Upstream production served by our gathering systems in our Legacy Areas is generally more mature, as compared to our Core Focus Areas, and the decline rates for volume throughput on our gathering systems in the Legacy Areas are typically lower as a result. We expect to continue to reduce our near-term capital expenditures in these Legacy Areas. Our Piceance Basin, Barnett Shale and Marcellus Shale reportable segments (as described below) comprise our Legacy Areas.

We are the owner-operator of or have significant ownership interests in the following gathering and transportation systems, which comprise our Core Focus Areas:

- Summit Utica, a natural gas gathering system operating in the Appalachian Basin, which includes the Utica and Point Pleasant shale formations in southeastern Ohio;
- Ohio Gathering, a natural gas gathering system and a condensate stabilization facility operating in the Appalachian Basin, which includes the Utica and Point Pleasant shale formations in southeastern Ohio;
- Polar and Divide, a crude oil and produced water gathering system and transmission pipeline operating in the Williston Basin, which includes the Bakken and Three Forks shale formations in northwestern North Dakota;
- Bison Midstream, an associated natural gas gathering system operating in the Williston Basin, which includes the Bakken and Three Forks shale formations in northwestern North Dakota;
- Niobrara G&P, an associated natural gas gathering and processing system operating in the DJ Basin, which includes the Niobrara and Codell shale formations in northeastern Colorado and southeastern Wyoming;
- Summit Permian, an associated natural gas gathering and processing system operating in the northern Delaware Basin, which includes the Wolfcamp and Bone Spring formations, in southeastern New Mexico; and
- Double E, a 1.35 Bcf/d natural gas transmission pipeline that is under development and will provide transportation service from multiple receipt points in the Delaware Basin to various delivery points in and around the Waha Hub in Texas.

We are the owner-operator of the following gathering systems, which comprise our Legacy Areas:

- Grand River, a natural gas gathering and processing system operating in the Piceance Basin, which includes the Mesaverde formation and the Mancos and Niobrara shale formations in western Colorado;
- DFW Midstream, a natural gas gathering system operating in the Fort Worth Basin, which includes the Barnett Shale formation in north-central Texas; and
- Mountaineer Midstream, a natural gas gathering system operating in the Appalachian Basin, which includes the Marcellus Shale formation in northern West Virginia.

For additional information on our organization and systems, see Notes 1 and 4 to the unaudited condensed consolidated financial statements.

Our financial results are driven primarily by volume throughput across our gathering systems and by expense management. We generate the majority of our revenues from the gathering, compression, treating and processing services that we provide to our customers. A majority of the volumes that we gather, compress, treat and/or process have a fixed-fee rate structure which enhances the stability of our cash flows by providing a revenue stream that is not subject to direct commodity price risk. We also earn revenues from the following activities that directly expose us to fluctuations in commodity prices: (i) the sale of physical natural gas and/or NGLs purchased under percentage-of-proceeds or other processing arrangements with certain of our customers on the Bison Midstream, Grand River and Summit Permian systems, (ii) the sale of natural gas we retain from certain DFW Midstream customers and (iii) the sale of condensate we retain from our gathering services at Grand River. During the three months ended March 31, 2020, these additional activities accounted for approximately 13% of total revenues.

We also have indirect exposure to changes in commodity prices in that persistently low commodity prices may cause our customers to delay and/or cancel drilling and/or completion activities or temporarily shut-in production, which would reduce the volumes of natural gas and crude oil (and associated volumes of produced water) that we gather. If certain of our customers cancel or delay drilling and/or completion activities or temporarily shut-in production, the associated MVCs, if any, ensure that we will earn a minimum amount of revenue.

The following table presents certain consolidated and reportable segment financial data. For additional information on our reportable segments, see the “Segment Overview for the Three Months Ended March 31, 2020 and 2019” section herein.

	Three months ended March 31,	
	2020	2019
	(In thousands)	
Net income (loss)	\$ 3,762	\$ (40,280)
Reportable segment adjusted EBITDA		
Utica Shale	\$ 5,928	\$ 6,193
Ohio Gathering	7,939	9,210
Williston Basin	16,192	18,734
DJ Basin	5,911	2,673
Permian Basin	1,581	(550)
Piceance Basin	23,557	25,999
Barnett Shale	8,760	11,374
Marcellus Shale	5,320	5,142
Net cash provided by operating activities	\$ 70,201	\$ 45,193
Capital expenditures (1)	18,583	60,848
Investment in equity method investee	58,033	—
Net cash distributions to noncontrolling interest SMLP unitholders	\$ 6,037	\$ 27,374
Net borrowings (repayments) under Revolving Credit Facility	21,000	(32,000)
Repayments under SMP Holdings term loan	(750)	(12,250)
Proceeds from issuance of Subsidiary Series A preferred units, net of costs (2)	33,946	—

Segment Overview for the Three Months Ended March 31, 2020 and 2019” section herein.

- (1) See “Liquidity and Capital Resources” herein and Note 4 to the unaudited condensed consolidated financial statements for additional information on capital expenditures.
- (2) Reflects proceeds from the issuance of Subsidiary Series A Preferred Units.

Three months ended March 31, 2020. The following items are reflected in our financial results:

- In March 2020, in connection with the cancellation of a compressor station project in the DJ Basin due to delays in customer drilling plans, we recorded an impairment charge of \$3.6 million for the related soft project costs.

Three months ended March 31, 2019. The following items are reflected in our financial results:

- In March 2019, we sold the Tioga Midstream system to affiliates of Hess Infrastructure Partners LP for a combined cash purchase price of approximately \$90 million and recorded a gain on sale of \$0.9 million based on the difference between the consideration received and the carrying value for Tioga Midstream at closing. The gain is included in the Gain on asset sales, net caption on the unaudited condensed consolidated statement of operations. The financial results of Tioga Midstream (a component of the Williston Basin reportable segment) are included in our unaudited condensed consolidated financial statements and footnotes for the period from January 1, 2019 through March 22, 2019.
- In March 2019, certain events occurred which indicated that certain long-lived assets in the DJ Basin and Barnett Shale reporting segments could be impaired. Consequently, we performed a recoverability assessment of certain assets within these reporting segments. In the DJ Basin, we determined certain processing plant assets related to our existing 20 MMcf/d plant would no longer be operational due to our expansion plans for the Niobrara G&P system and we recorded an impairment charge of \$34.7 million related to these assets. In the Barnett Shale, we determined certain compressor station assets would be shut down and de-commissioned beginning in the second quarter of 2019 and we recorded an impairment charge of \$10.2 million related to these assets.

Trends and Outlook

Our business has been, and we expect our future business to continue to be, affected by the following key trends:

- Natural gas, NGL and crude oil supply and demand dynamics;
- Production from U.S. shale plays;
- Capital markets availability and cost of capital;
- Shifts in operating costs and inflation; and
- Ongoing impact of the COVID-19 pandemic and reduced demand and prices for oil.

We are closely monitoring the impact of the outbreak of COVID-19 on all aspects of our business, including how it will impact our customers, employees, supply chain and distribution network. While COVID-19 did not have a material adverse effect on our reported results for the first quarter of 2020, only one month of the quarter was affected by COVID-19 and if the current conditions continue, subsequent quarters may reflect these conditions for a full quarter. We are unable to predict the ultimate impact that COVID-19 and related factors may have on our business, future results of operations, financial position or cash flows. The extent to which our operations may be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to and volatility in the financial markets remain unknown.

In response to the COVID-19 pandemic, we have modified our business practices, including restricting employee travel, modifying employee work locations, implementing social distancing and enhanced sanitary measures in our facilities. Many of our suppliers, vendors and service providers have made similar modifications. The resources available to employees working remotely may not enable them to maintain the same level of productivity and efficiency, and these and other employees may face additional demands on their time. Our increased reliance on remote access to our information systems increases our exposure to potential cybersecurity breaches. We may take further actions as government authorities require or recommend or as we determine to be in the best interests of our employees, customers, partners and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, in which case our employees may become sick, our ability to perform critical functions could be harmed, and we may be unable to respond to the needs of our business. The resumption of normal business operations after such interruptions may be delayed or constrained by lingering effects of COVID-19 on our suppliers, third-party service providers, and/or customers.

In addition, the COVID-19 pandemic has significantly reduced the global demand for oil and natural gas. This significant decline in demand has been met with a sharp decline in oil prices following the announcement of price reductions and production increases in March 2020 by members of the Organization of Petroleum Exporting Countries, or OPEC, and other foreign, oil-exporting countries. The resulting supply and demand imbalance is having disruptive impacts on the oil and natural gas exploration and production industry and on other industries that serve exploration and production companies. These industry conditions, coupled with those resulting from the COVID-19 pandemic, could lead to significant global economic contraction generally and in our industry in particular. Although OPEC agreed in April to cut production, the responses of oil and gas producers to the lower demand for, and price of, natural gas, NGLs and crude oil are constantly evolving and remain uncertain. Such responses could cause our pipelines and storage tanks and other third-party storage facilities to reach capacity, thereby forcing producers to experience shut-ins or look to alternative methods of transportation for their products.

Over the past several weeks we have collaborated extensively with our customer base regarding reductions and delays to drilling and completion activities in light of the current commodity price backdrop and COVID-19 pandemic. Given further deterioration of market conditions in March and April and based on recently updated production forecasts and revised 2020 development plans from our customers, we currently expect our 2020 results to be affected by decreased drilling activity and the deferral of well completions from customers and, on a limited scale, temporary production curtailments predominantly in the Williston Basin and DJ Basin reportable segments. Accordingly, we now expect 2020 total capital expenditures to range from of \$30 million to \$50 million.

The full extent to which our operations may be impacted by the COVID-19 pandemic and reduced demand and pricing for oil will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to and volatility in the financial markets remain unknown.

Our expectations are based on assumptions made by us and information currently available to us. To the extent our underlying assumptions about, or interpretations of, available information prove to be incorrect, our actual results may vary materially from our expected results. For additional information, see the “Trends and Outlook” section of MD&A included in the 2019 Annual Report in addition to the exhibits contained within this Form 8-K.

How We Evaluate Our Operations

We conduct and report our operations in the midstream energy industry through eight reportable segments:

- the Utica Shale, which is served by Summit Utica;
- Ohio Gathering, which includes our ownership interest in OGC and OCC;
- the Williston Basin, which is served by Polar and Divide and Bison Midstream;
- the DJ Basin, which is served by Niobrara G&P;
- the Permian Basin, which is served by Summit Permian;
- the Piceance Basin, which is served by Grand River;
- the Barnett Shale, which is served by DFW Midstream; and
- the Marcellus Shale, which is served by Mountaineer Midstream.

Additionally, until March 22, 2019, we owned Tioga Midstream, a crude oil, produced water and associated natural gas gathering system operating in the Williston Basin. Refer to Note 16 to the unaudited condensed consolidated financial statements for details on the sale of Tioga Midstream.

Each of our reportable segments provides midstream services in a specific geographic area. Our reportable segments reflect the way in which we internally report the financial information used to make decisions and allocate resources in connection with our operations (see Note 4 to the unaudited condensed consolidated financial statements).

Our management uses a variety of financial and operational metrics to analyze our consolidated and segment performance. We view these metrics as important factors in evaluating our profitability and determining the amounts of cash distributions to pay to our unitholders. These metrics include:

- throughput volume;
- revenues;
- operation and maintenance expenses; and
- segment adjusted EBITDA.

We review these metrics on a regular basis for consistency and trend analysis. There have been no changes in the composition or characteristics of these metrics during the three months ended March 31, 2020.

Additional Information. For additional information, see the “Results of Operations” section herein and the notes to the unaudited condensed consolidated financial statements. For additional information on how these metrics help us manage our business, see the “How We Evaluate Our Operations” section of MD&A included in the 2019 Annual Report in addition to the exhibits contained within this Form 8-K. For information on impending accounting changes that are expected to materially impact our financial results reported in future periods, see Note 2 to the unaudited condensed consolidated financial statements.

Results of Operations

Consolidated Overview for the Three Months Ended March 31, 2020 and 2019

The following table presents certain consolidated and operating data.

	Three months ended March 31,	
	2020	2019
(In thousands)		
Revenues:		
Gathering services and related fees	\$ 83,792	\$ 86,964
Natural gas, NGLs and condensate sales	13,780	37,928
Other revenues	7,331	6,516
Total revenues	<u>104,903</u>	<u>131,408</u>
Costs and expenses:		
Cost of natural gas and NGLs	8,225	31,759
Operation and maintenance	21,811	24,222
General and administrative	16,561	18,385
Depreciation and amortization	29,666	27,764
Transaction costs	11	2,337
Loss (gain) on asset sales, net	115	(961)
Long-lived asset impairment	3,821	44,951
Total costs and expenses	<u>80,210</u>	<u>148,457</u>
Other (expense) income	(427)	209
Interest expense	(23,828)	(22,742)
Income (loss) before income taxes and income (loss) loss from equity method investees	438	(39,582)
Income tax benefit (expense)	13	(257)
Income (loss) from equity method investees	3,311	(441)
Net income (loss)	<u>\$ 3,762</u>	<u>\$ (40,280)</u>
Volume throughput (1):		
Aggregate average daily throughput – natural gas (MMcf/d)	1,281	1,462
Aggregate average daily throughput – liquids (Mbbbl/d)	98	103

(1) Exclusive of volume throughput for Ohio Gathering. For additional information, see the “Ohio Gathering” section herein.

Volumes – Gas. Natural gas throughput volumes decreased 181 MMcf/d for the three months ended March 31, 2020 compared to the three months ended March 31, 2019, primarily reflecting:

- a volume throughput decrease of 102 MMcf/d for the Piceance Basin segment.
- a volume throughput decrease of 64 MMcf/d for the Utica Shale segment.
- a volume throughput decrease of 27 MMcf/d for the Barnett Shale segment.
- a volume throughput decrease of 15 MMcf/d for the Marcellus Shale segment.
- a volume throughput increase of 18 MMcf/d for the Permian Basin segment.
- a volume throughput increase of 11 MMcf/d for the DJ Basin segment.

Volumes – Liquids. Crude oil and produced water throughput volumes at the Williston segment decreased 5 Mbbbl/d for the three months ended March 31, 2020 compared to the three months ended March 31, 2019.

For additional information on volumes, see the “Segment Overview for the Three Months Ended March 31, 2020 and 2019” section herein.

Revenues. Total revenues decreased \$26.5 million during the three months ended March 31, 2020 compared to the prior year period primarily comprised of a \$24.1 million decrease in natural gas, NGLs and condensate sales and a \$3.2 million decrease in gathering services and related fees.

Gathering Services and Related Fees. Gathering services and related fees decreased \$3.2 million compared to the three months ended March 31, 2019, primarily reflecting:

- a \$2.6 million decrease in gathering services and related fees in the Barnett Shale primarily reflecting natural production declines partially offset by new volumes from well completion activity through the third quarter of 2019. Also impacting 2020 revenues was the presentation of \$1.5 million of gathering services as a reduction to cost of natural gas and NGLs due to the assignment of certain marketing arrangements from Corporate and Other to our DFW Midstream operations that occurred in June 2019.
- a \$4.7 million decrease in gathering services and related fees in the Piceance Basin relating to lower volume throughput due to a lack of drilling and completion activity and natural production declines in addition to the sale of certain assets from our Red Rock Gathering system in December 2019.
- a \$0.5 million decrease in gathering services and related fees in the Utica Shale as a result of natural production declines on existing wells partially offset by the completion of new wells throughout 2019 and in the first quarter of 2020, and a more favorable volume and gathering rate mix from customers.
- a \$1.9 million decrease in gathering services and related fees in the Williston Basin primarily reflecting a \$1.5 million decrease in gathering services and related fees attributable to natural production declines and the sale of the Tioga Midstream system on March 22, 2019, whose 2019 financial results are included for the period from January 1, 2019 through March 22, 2019.
- a \$3.1 million increase in gathering services and related fees in the DJ Basin relating to higher volume throughput due to increased drilling activity and a more favorable volume and gathering rate mix from customers, partially offset by natural production declines.
- a \$1.9 million increase in gathering services and related fees in the Permian Basin due to higher volume growth from ongoing drilling and completion activity.

Natural Gas, NGLs and Condensate Sales. Natural gas, NGLs and condensate sales decreased \$24.1 million compared to the three months ended March 31, 2019, primarily reflecting lower natural gas, NGL and crude oil marketing services. The majority of the decrease in revenue is offset by a \$23.5 million decrease in natural gas, NGL and condensate purchases.

Costs and Expenses. Total costs and expenses decreased \$68.2 million during the three months ended March 31, 2020 compared to the three months ended March 31, 2019, primarily reflecting:

- the impact of the March 2019 recognition of \$34.9 million of certain long-lived asset impairments in the DJ Basin.
- a \$23.5 million decrease in natural gas, NGLs and condensate purchases primarily driven by lower natural gas, NGL and crude oil marketing activity.
- the impact of the March 2019 recognition of \$10.2 million of certain long-lived asset impairments in the Barnett Shale.
- the recognition in March 2020 of \$3.6 million of certain long-lived asset impairments in the DJ Basin.
- a \$2.4 million decrease in operation and maintenance expense primarily due to a \$1.4 million decrease in salaries and benefits costs and a \$0.9 million decrease in property taxes.

Cost of Natural Gas and NGLs. Cost of natural gas and NGLs decreased \$23.5 million during the three months ended March 31, 2020 compared to the three months ended March 31, 2019, primarily driven by lower natural gas, NGL and crude oil marketing activity.

Operation and Maintenance. Operation and maintenance expense decreased \$2.4 million for the three months ended March 31, 2020 compared to the three months ended March 31, 2019 primarily due to a \$1.3 million decrease in salaries and benefits costs and a \$0.9 million decrease in property taxes.

General and Administrative. General and administrative expense decreased \$1.8 million for the three months ended March 31, 2020 compared to the three months ended March 31, 2019 primarily due to lower headcount associated with our cost cutting initiatives and lower performance-based compensation.

Depreciation and Amortization. The increase in depreciation and amortization expense during the three months ended March 31, 2020 compared to the three months ended March 31, 2019 was primarily due to the acceleration of depreciation on certain Williston Basin assets.

Transaction Costs. The decrease in transaction costs recognized during the three months ended March 31, 2020 compared to the three months ended March 31, 2019 was due to the financial advisory costs associated primarily with restructuring the equity structure of certain subsidiaries in 2019.

Interest Expense. The increase in interest expense for the three months ended March 31, 2020 compared to the three months ended March 31, 2019, was primarily due to a higher average outstanding balance on the Revolving Credit Facility. The increase was partially offset by a lower outstanding balance on the Term Loan B.

For additional information, see the “Segment Overview for the Three Months Ended March 31, 2020 and 2019” and “Corporate and Other Overview for the Three Months Ended March 31, 2020 and 2019” sections herein.

Segment Overview for the Three Months Ended March 31, 2020 and 2019

Utica Shale. The Utica Shale reportable segment includes the Summit Utica system. Volume throughput for our Summit Utica system follows.

	Utica Shale		
	Three months ended March 31,		Percentage Change
	2020	2019	
Average daily throughput (MMcf/d)	222	286	(22%)

Volume throughput declined compared to the three months ended March 31, 2019 as a result of natural production declines from existing wells partially offset by the completion of new wells throughout 2019 and in the first quarter of 2020, and a more favorable volume and gathering rate mix from customers.

Financial data for our Utica Shale reportable segment follows.

	Utica Shale		
	Three months ended March 31,		Percentage Change
	2020	2019	
	(Dollars in thousands)		
Revenues:			
Gathering services and related fees	\$ 6,962	\$ 7,495	(7%)
Total revenues	6,962	7,495	(7%)
Costs and expenses:			
Operation and maintenance	941	1,216	(23%)
General and administrative	88	81	9%
Depreciation and amortization	1,927	1,908	1%
Loss on asset sales, net	16	—	*
Total costs and expenses	2,972	3,205	(7%)
Add:			
Depreciation and amortization	1,927	1,908	
Adjustments related to capital reimbursement activity	(5)	(5)	
Loss on asset sales, net	16	—	
Segment adjusted EBITDA	\$ 5,928	\$ 6,193	(4%)

* Not considered meaningful

Three months ended March 31, 2020. Segment adjusted EBITDA decreased \$0.3 million compared to the three months ended March 31, 2019.

Ohio Gathering. The Ohio Gathering reportable segment includes OGC and OCC. We account for our investment in Ohio Gathering using the equity method. We recognize our proportionate share of earnings or loss in net income on a one-month lag based on the financial information available to us during the reporting period.

Gross volume throughput for Ohio Gathering, based on a one-month lag follows.

	Ohio Gathering		
	Three months ended March 31,		
	2020	2019	Percentage Change
Average daily throughput (MMcf/d)	610	711	(14%)

Volume throughput for the Ohio Gathering system in 2020 decreased compared to the year ended December 31, 2019 as a result of natural production declines on existing wells on the system partially offset by the completion of new wells throughout 2019.

Financial data for our Ohio Gathering reportable segment, based on a one-month lag follows.

	Ohio Gathering		
	Three months ended March 31,		
	2020	2019	Percentage Change
	(Dollars in thousands)		
Proportional adjusted EBITDA for equity method investees	\$ 7,939	\$ 9,210	(14%)
Segment adjusted EBITDA	\$ 7,939	\$ 9,210	(14%)

Segment adjusted EBITDA for equity method investees decreased \$1.3 million compared to the three months ended March 31, 2019 primarily as a result of the lower volume throughput described above.

Williston Basin. The Polar and Divide, Bison Midstream and Tioga Midstream (through March 22, 2019; refer to Note 16 to the unaudited condensed consolidated financial statements for details on the sale of Tioga Midstream) systems provide our midstream services for the Williston Basin reportable segment. Volume throughput for our Williston Basin reportable segment follows.

	Williston Basin		
	Three months ended March 31,		
	2020	2019	Percentage Change
Aggregate average daily throughput – natural gas (MMcf/d)	14	16	(13%)
Aggregate average daily throughput – liquids (Mbbbl/d)	98	103	(5%)

Natural gas. Natural gas volume throughput decreased compared to the three months ended March 31, 2019, primarily reflecting natural production declines and the sale of Tioga Midstream partially offset by the completion of new wells behind the Bison Midstream system in 2019 and 2020.

Liquids. The decrease in liquids volume throughput compared to the three months ended March 31, 2019, primarily reflected natural production declines and the sale of Tioga Midstream partially offset by the completion of new wells throughout 2019.

Financial data for our Williston Basin reportable segment follows.

	Williston Basin		
	Three months ended March 31,		
	2020	2019	Percentage Change
	(Dollars in thousands)		
Revenues:			
Gathering services and related fees	\$ 23,797	\$ 25,706	(7%)
Natural gas, NGLs and condensate sales	4,324	5,585	(23%)
Other revenues	3,142	2,908	8%
Total revenues	<u>31,263</u>	<u>34,199</u>	(9%)
Costs and expenses:			
Cost of natural gas and NGLs	1,663	2,709	(39%)
Operation and maintenance	6,722	6,516	3%
General and administrative	538	341	58%
Depreciation and amortization	6,495	5,436	19%
Loss (gain) on asset sales, net	49	(968)	*
Long-lived asset impairment	—	10	*
Total costs and expenses	<u>15,467</u>	<u>14,044</u>	10%
Add:			
Depreciation and amortization	6,495	5,436	
Adjustments related to MVC shortfall payments	(5,665)	(5,549)	
Adjustments related to capital reimbursement activity	(483)	(350)	
Loss (gain) on asset sales, net	49	(968)	
Long-lived asset impairment	—	10	
Segment adjusted EBITDA	<u>\$ 16,192</u>	<u>\$ 18,734</u>	(14%)

* Not considered meaningful

Three months ended March 31, 2020. Segment adjusted EBITDA decreased \$2.5 million compared to the three months ended March 31, 2019 primarily reflecting:

- a decrease of \$0.9 million of segment adjusted EBITDA contributed by the Tioga Midstream system compared to the three months ended March 31, 2019 due to the sale of Tioga Midstream on March 22, 2019. We also experienced lower natural gas volume throughput and lower liquids volume throughput on our systems.

Other items to note:

- On March 22, 2019, we sold the Tioga Midstream system and recorded a gain on sale of \$0.9 million based on the difference between the consideration received and the then carrying value for Tioga Midstream at closing. The financial results of Tioga Midstream are included in our unaudited condensed consolidated financial statements for the period from January 1, 2019 through March 22, 2019.

DJ Basin. The Niobrara G&P systems provide midstream services for the DJ Basin reportable segment. Volume throughput for our DJ Basin reportable segment follows.

	DJ Basin		
	Three months ended March 31,		
	2020	2019	Percentage Change
Average daily throughput (MMcf/d)	32	21	52%

Volume throughput increased compared to the three months ended March 31, 2019, primarily as a result of ongoing drilling and completion activity across our service area partially offset by natural production declines.

Financial data for our DJ Basin reportable segment follows.

	DJ Basin		
	Three months ended March 31,		Percentage Change
	2020	2019	
(Dollars in thousands)			
Revenues:			
Gathering services and related fees	\$ 6,855	\$ 3,724	84%
Natural gas, NGLs and condensate sales	70	85	(18%)
Other revenues	1,034	1,007	3%
Total revenues	<u>7,959</u>	<u>4,816</u>	65%
Costs and expenses:			
Cost of natural gas and NGLs	9	10	*
Operation and maintenance	2,516	1,849	36%
General and administrative	82	72	14%
Depreciation and amortization	1,527	799	91%
Long-lived asset impairment	3,635	34,721	*
Total costs and expenses	<u>7,769</u>	<u>37,451</u>	(79%)
Add:			
Depreciation and amortization	1,527	799	
Adjustments related to capital reimbursement activity	559	(212)	
Long-lived asset impairment	3,635	34,721	
Segment adjusted EBITDA	<u>\$ 5,911</u>	<u>\$ 2,673</u>	121%

* Not considered meaningful

Three months ended March 31, 2020. Segment adjusted EBITDA increased \$3.2 million compared to the three months ended March 31, 2019, primarily reflecting:

- a \$3.1 million increase in gathering services and related fees primarily as a result of volume growth from ongoing drilling and completion activity, a more favorable volume and gathering rate mix from customers, and the commissioning of our new natural gas processing plant in June 2019. This was partially offset by natural production declines.

Other items to note:

- During the quarter ended March 31, 2019, we impaired certain long-lived assets in the DJ Basin (see Note 5 to the unaudited condensed consolidated financial statements). The impairment had no impact on segment adjusted EBITDA for the three months ended March 31, 2020.

Permian Basin. The Summit Permian system provides our midstream services for the Permian Basin reportable segment. Volume throughput for our Permian Basin reportable segment follows.

	Permian Basin		
	Three months ended March 31,		Percentage Change
	2020	2019	
Average daily throughput (MMcf/d)	33	15	120%

Volume throughput increased compared to the three months ended March 31, 2019, primarily as a result of ongoing drilling and completion activity across our service area.

Financial data for our Permian Basin reportable segment follows.

	Permian Basin		
	Three months ended March 31,		Percentage Change
	2020	2019	
	(In thousands)		
Revenues:			
Gathering services and related fees	\$ 2,311	\$ 366	531%
Natural gas, NGLs and condensate sales	4,512	4,221	7%
Other revenues	187	32	484%
Total revenues	<u>7,010</u>	<u>4,619</u>	52%
Costs and expenses:			
Cost of natural gas and NGLs	4,149	4,245	(2%)
Operation and maintenance	1,187	891	33%
General and administrative	93	33	182%
Depreciation and amortization	1,345	1,072	25%
Loss on asset sales, net	4	—	*
Long-lived asset impairment	182	—	*
Total costs and expenses	<u>6,960</u>	<u>6,241</u>	12%
Add:			
Depreciation and amortization	1,345	1,072	
Loss on asset sales, net	4	—	
Long-lived asset impairment	182	—	
Segment adjusted EBITDA	<u>\$ 1,581</u>	<u>\$ (550)</u>	*

* Not considered meaningful

Three months ended March 31, 2020. Segment adjusted EBITDA increased \$2.1 million compared to the three months ended March 31, 2019, primarily reflecting a \$1.9 million increase in gathering services and related fees primarily as a result of volume growth from ongoing drilling and completion activity.

Piceance Basin. The Grand River system provides midstream services for the Piceance Basin reportable segment. Volume throughput for our Piceance Basin reportable segment follows.

	Piceance Basin		
	Three months ended March 31,		Percentage Change
	2020	2019	
Aggregate average daily throughput (MMcf/d)	383	485	(21%)

Volume throughput decreased compared to the three months ended March 31, 2019, as a result of a natural production declines.

Financial data for our Piceance Basin reportable segment follows.

	Piceance Basin		
	Three months ended March 31,		
	2020	2019	Percentage Change
	(Dollars in thousands)		
Revenues:			
Gathering services and related fees	\$ 27,189	\$ 31,840	(15%)
Natural gas, NGLs and condensate sales	1,003	2,302	(56%)
Other revenues	1,065	1,138	(6%)
Total revenues	<u>29,257</u>	<u>35,280</u>	(17%)
Costs and expenses:			
Cost of natural gas and NGLs	457	1,473	(69%)
Operation and maintenance	4,938	7,299	(32%)
General and administrative	285	294	(3%)
Depreciation and amortization	11,298	11,791	(4%)
Gain on asset sales, net	(13)	—	*
Total costs and expenses	<u>16,965</u>	<u>20,857</u>	(19%)
Add:			
Depreciation and amortization	11,298	11,791	
Adjustments related to MVC shortfall payments	223	(103)	
Adjustments related to capital reimbursement activity	(243)	(112)	
Gain on asset sales, net	(13)	—	
Segment adjusted EBITDA	<u>\$ 23,557</u>	<u>\$ 25,999</u>	(9%)

* Not considered meaningful

Three months ended March 31, 2020. Segment adjusted EBITDA decreased \$2.4 million compared to the three months ended March 31, 2019, primarily reflecting:

- a \$4.7 million decrease in gathering services and related fees as a result of natural production declines.
- a \$2.4 million decrease in operation and maintenance expense primarily due to \$1.2 million in lower compensation expense and a \$0.4 million decrease in property taxes.

Other items to note:

- In December 2019, we sold certain assets from our Red Rock Gathering system for \$12 million. The financial contribution of these assets are included in our unaudited condensed consolidated financial statements and footnotes for the period from January 1, 2019 through December 1, 2019.

Barnett Shale. The DFW Midstream system provides our midstream services for the Barnett Shale reportable segment. Volume throughput for our Barnett Shale reportable segment follows.

	Barnett Shale		
	Three months ended March 31,		
	2020	2019	Percentage Change
Average daily throughput (MMcf/d)	233	260	(10%)

Volume throughput decreased compared to the three months ended March 31, 2019 reflecting natural production declines partially offset by new volumes from well completion activity through the third quarter of 2019.

Financial data for our Barnett Shale reportable segment follows.

	Barnett Shale		
	Three months ended March 31,		Percentage Change
	2020	2019	
(Dollars in thousands)			
Revenues:			
Gathering services and related fees	\$ 10,443	\$ 13,025	(20%)
Natural gas, NGLs and condensate sales	3,871	604	541%
Other revenues (1)	1,260	1,656	(24%)
Total revenues	<u>15,574</u>	<u>15,285</u>	2%
Costs and expenses:			
Cost of natural gas and NGLs	1,947	—	*
Operation and maintenance	4,695	5,498	(15%)
General and administrative	378	228	66%
Depreciation and amortization	3,797	3,941	(4%)
Loss on asset sales, net	59	7	*
Long-lived asset impairment	4	10,220	*
Total costs and expenses	<u>10,880</u>	<u>19,894</u>	(45%)
Add:			
Depreciation and amortization	4,032	4,330	
Adjustments related to MVC shortfall payments	—	1,453	
Adjustments related to capital reimbursement activity	(29)	(27)	
Loss on asset sales, net	59	7	
Long-lived asset impairment	4	10,220	
Segment adjusted EBITDA	<u>\$ 8,760</u>	<u>\$ 11,374</u>	(23%)

* Not considered meaningful

(1) Includes the amortization expense associated with our favorable gas gathering contracts as reported in other revenues.

Three months ended March 31, 2020. Segment adjusted EBITDA decreased \$2.6 million compared to the three months ended March 31, 2019 primarily reflecting:

- a \$1.5 million decrease in adjustments related to MVC shortfall payments attributable to an MVC that expired in 2019 and a \$1.7 million decrease in total revenues less cost of natural gas and NGLs which primarily reflects lower volume throughput.

Other items to note:

- In March 2019, we impaired certain long-lived assets in the Barnett Shale (see Note 5 to the unaudited condensed consolidated financial statements). The noncash impairment expense had no impact on segment adjusted EBITDA for the three months ended March 31, 2019.
- Also impacting total revenues and cost of natural gas and NGLs for the three months ended March 31, 2020, was the presentation of certain gathering services as a reduction to cost of natural gas and NGLs and the assignment of certain marketing arrangements from Corporate and Other to our DFW Midstream operations that occurred in June 2019.

Marcellus Shale. The Mountaineer Midstream system provides our midstream services for the Marcellus Shale reportable segment. Volume throughput for the Marcellus Shale reportable segment follows.

	Marcellus Shale		
	Three months ended March 31,		Percentage Change
	2020	2019	
Average daily throughput (MMcf/d)	364	379	(4%)

Volume throughput decreased compared to the three months ended March 31, 2019 primarily due to natural production declines partially offset by additional drilling and completion activities in the third quarter of 2019.

Financial data for our Marcellus Shale reportable segment follows.

	Marcellus Shale		Percentage Change
	Three months ended March 31,		
	2020	2019	
	(Dollars in thousands)		
Revenues:			
Gathering services and related fees	\$ 6,235	\$ 6,197	1%
Total revenues	6,235	6,197	1%
Costs and expenses:			
Operation and maintenance	813	954	(15%)
General and administrative	93	92	1%
Depreciation and amortization	2,300	2,283	1%
Total costs and expenses	3,206	3,329	(4%)
Add:			
Depreciation and amortization	2,300	2,283	
Adjustments related to capital reimbursement activity	(9)	(9)	
Segment adjusted EBITDA	<u>\$ 5,320</u>	<u>\$ 5,142</u>	3%

* Not considered meaningful

Three months ended March 31, 2020. Segment adjusted EBITDA increased \$0.2 million compared to the three months ended March 31, 2019.

Corporate and Other Overview for the Three Months Ended March 31, 2020 and 2019

Corporate and Other represents those results that are not specifically attributable to a reportable segment or that have not been allocated to our reportable segments, including certain general and administrative expense items, natural gas and crude oil marketing services, construction management fees related to the Double E Project, transaction costs and interest expense.

	Corporate and Other		Percentage Change
	Three months ended March 31,		
	2020	2019	
	(Dollars in thousands)		
Revenues:			
Total revenues	643	23,517	(97%)
Costs and expenses:			
Cost of natural gas and NGLs	—	23,322	*
General and administrative	15,004	17,244	(13%)
Transaction costs	11	2,337	*
Interest expense	23,828	22,742	5%

* Not considered meaningful

Total Revenues. Total revenues attributable to Corporate and Other was due to natural gas, NGL and crude oil marketing services (primarily natural gas sales). The decrease of \$22.9 million compared to the three months ended March 31, 2019 was attributable to lower natural gas, NGL and crude oil marketing activity.

Cost of Natural Gas and NGLs. Cost of natural gas and NGLs attributable to Corporate and Other was due to natural gas, NGL and crude oil marketing services. The decrease of \$23.3 million compared to the three months ended March 31, 2019 was attributable to lower marketing activity.

General and Administrative. General and administrative expense decreased \$2.2 million compared to the three months ended March 31, 2019 primarily due to a decrease in salaries and benefits costs associated with lower headcount from our cost cutting initiatives.

Transaction costs. The decrease in transaction costs recognized during the three months ended March 31, 2020 compared to the three months ended March 31, 2019 was due to the financial advisory costs associated primarily with restructuring the equity structure of certain subsidiaries in 2019.

Interest Expense. Interest expense increased \$2.7 million compared to the three months ended March 31, 2019 primarily as a result of a higher average outstanding balance on the Revolving Credit Facility. The increase was partially offset by a lower outstanding balance on the Term Loan B.

Summarized Financial Information

On March 2, 2020, the SEC issued Final Rule Release No. 33-10762, *Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities* ("Release 33-10762"), that amends the disclosure requirements related to certain registered securities that are guaranteed and those that are collateralized by the securities of an affiliate.

Under Release 33-10762, an SEC registrant may continue to omit separate financial statements of subsidiary issuers and guarantors when (1) the subsidiary issuer is consolidated with the parent company and its security is either (a) co-issued jointly and severally with the parent company's security or (b) the subsidiary issuer's security is fully and unconditionally guaranteed by the parent company and (2) the parent company provides supplemental financial and non-financial disclosure about the subsidiary issuers and/or guarantors and the guaranteees.

The rules become effective January 4, 2021, with voluntary compliance permitted immediately. The Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by SMLP and the Guarantor Subsidiaries (see Note 9 to the unaudited condensed consolidated financial statements). SMLP has concluded that it is eligible to provide Alternative Disclosures under the amended disclosure requirements and has early adopted Release 33-10762 as of and for the three months ended March 31, 2020.

The supplemental summarized financial information below reflects SMLP's separate accounts, the combined accounts of Summit Holdings and its 100% owned finance subsidiary, Finance Corp (the "Co-Issuers") and the Guarantor Subsidiaries (the Co-Issuers and, together with the Guarantor Subsidiaries, the "Obligor Group") for the dates and periods indicated. The financial information of the Obligor Group is presented on a combined basis and intercompany balances and transactions between the Co-Issuers and Guarantor Subsidiaries have been eliminated. There were no reportable transactions between the Co-Issuers and Obligor Group and the subsidiaries that were not issuers or guarantors of the Senior Notes.

Payments to holders of the Senior Notes are affected by the composition of and relationships among the Co-Issuers, the Guarantor Subsidiaries and Permian Holdco and Summit Permian Transmission, who are unrestricted subsidiaries of SMLP and are not issuers or guarantors of the Senior Notes. The assets of our unrestricted subsidiaries are not available to satisfy the demands of the holders of the Senior Notes. In addition, our unrestricted subsidiaries are subject to certain contractual restrictions related to the payment of dividends, and other rights in favor of their non-affiliated stakeholders, that limit their ability to satisfy the demands of the holders of the Senior Notes.

A list of each of SMLP's subsidiaries that is a guarantor, issuer or co-issuer of our registered securities subject to the reporting requirements in Release 33-10762 is filed as Exhibit 22.1 to our Quarterly Report for the three months ended March 31, 2020 on Form 10-Q filed with the Securities and Exchange Commission on May 8, 2020.

Summarized Balance Sheet Information. Summarized balance sheet information as of March 31, 2020 and December 31, 2019 follow.

	March 31, 2020	
	SMLP	Obligor Group
(In thousands)		
Assets		
Current assets	\$ 10,732	\$ 145,901
Noncurrent assets	12,133	2,361,034
Liabilities		
Current liabilities	\$ 15,604	\$ 61,675
Noncurrent liabilities	163,163	1,539,410
	December 31, 2019	
	SMLP	Obligor Group
(In thousands)		
Assets		
Current assets	\$ 7,396	\$ 104,964
Noncurrent assets	9,835	2,389,032
Liabilities		
Current liabilities	\$ 14,527	\$ 69,177
Noncurrent liabilities	163,163	1,514,250

Summarized Statements of Operations Information. For the purposes of the following summarized statements of operations, we allocate a portion of general and administrative expenses recognized at the SMLP parent to the Obligor Group to reflect what those entities' results would have been had they operated on a stand-alone basis. Summarized statements of operations for the three months ended March 31, 2020 and for the year ended December 31, 2019 follow.

	Three months ended March 31, 2020	
	SMLP	Obligor Group
(In thousands)		
Total revenues	\$ —	\$ 104,903
Total costs and expenses	1,172	78,990
(Loss) income before income taxes and income from equity method investees	(5,208)	5,695
Income from equity method investees	—	3,762
Net (loss) income	(5,196)	9,457
	Year ended December 31, 2019	
	SMLP	Obligor Group
(In thousands)		
Total revenues	\$ —	\$ 443,528
Total costs and expenses	8,719	397,939
Loss before income taxes and loss from equity method investees	(25,805)	(28,840)
Loss from equity method investees (1)	—	(336,950)
Net loss	(27,036)	(365,790)

- (1) Amount includes a \$329.7 million impairment of our equity method investment in Ohio Gathering and a \$6.3 million impairment of long-lived assets in OCC.

Liquidity and Capital Resources

On May 3, 2020, we suspended distributions to holders of our common units and suspended payment of distributions to holders of our Series A Preferred Units commencing with respect to the quarter ending March 31, 2020 to enable us to retain an incremental approximately \$76 million of cash in the business annually, which we plan to use to de-lever the balance sheet, enhance liquidity and increase financial flexibility. The unpaid distributions on the Series A Preferred Units will continue to accrue. We expect to fund future capital expenditures with cash and cash equivalents on hand, cash flows generated from our operations, borrowings under our Revolving Credit Facility, future issuances of debt, preferred equity and equity securities and proceeds from potential asset divestitures.

We are closely monitoring the impact of the outbreak of COVID-19 on all aspects of our business, including how it will impact our liquidity and capital resources. Considering the current commodity price backdrop and COVID-19 pandemic, we have collaborated extensively with our customer base over the past several weeks. Given further deterioration of market conditions, decreased drilling activity, the deferral of well completions from customers and, on a limited scale, temporary production curtailments predominantly in the Williston Basin and DJ Basin reportable segments, we now expect 2020 total capital expenditures to range from \$30 million to \$50 million.

We are currently in compliance with all covenants contained in our Revolving Credit Facility, Term Loan B and Senior Notes, and at March 31, 2020, SMLP's total leverage ratio and senior secured leverage ratio (as defined in the Revolving Credit Agreement) were 5.05 to 1.0 and 2.26 to 1.0, respectively, relative to maximum threshold limits of 5.5x and 3.75x. Given further deterioration of market conditions, decreased drilling activity, the deferral of well completions from customers, limitations on access to capital markets to fund our capital expenditures and, on a limited scale, temporary production curtailments, we could have total leverage and senior secured leverage ratios that are higher than the levels prescribed in the applicable indebtedness agreements. Adverse developments in our areas of operation could materially adversely impact our financial condition, results of operations and cash flows.

As we cannot predict the duration or scope of the COVID-19 pandemic and its impact on our customers and suppliers, the potential negative financial impact to our results cannot be reasonably estimated but could be material. We are actively managing the business to maintain cash flow and we have sufficient available liquidity. We believe that these factors will allow us to meet our anticipated funding requirements.

Capital Markets Activity

We had no capital markets activity during the three months ended March 31, 2020. For additional information, see the "Liquidity and Capital Resources – Capital Markets Activity" section of MD&A included in the 2019 Annual Report in addition to the exhibits contained within this Form 8-K.

Debt

Revolving Credit Facility. We have a \$1.25 billion senior secured Revolving Credit Facility that matures in May 2022. As of March 31, 2020, the outstanding balance of the Revolving Credit Facility was \$698.0 million and the unused portion totaled \$542.9 million, after giving effect to the issuance thereunder of a \$9.1 million outstanding but undrawn irrevocable standby letter of credit. Based on covenant limits, our available borrowing capacity under the Revolving Credit Facility as of March 31, 2020 was approximately \$120 million. There were no defaults or events of default during the three months ended March 31, 2020, and, as of March 31, 2020, we were in compliance with the financial covenants in the Revolving Credit Facility. See Notes 9 and 15 to the unaudited condensed consolidated financial statements for more information on the Revolving Credit Facility and the issuance of the \$9.1 million letter of credit, respectively.

Senior Notes. In February 2017, the Co-Issuers co-issued \$500.0 million of 5.75% Senior Notes. In July 2014, the Co-Issuers co-issued \$300.0 million of 5.50% Senior Notes. There were no defaults or events of default as of and for the three months ended March 31, 2020 on either series of senior notes.

Term Loan B. At March 31, 2020, the outstanding balance of the Term Loan B was \$160.8 million and we were in compliance the Term Loan B's financial covenants. There were no defaults or events of default during the three months ended March 31, 2020.

For additional information on our long-term debt, see Note 9 to the unaudited condensed consolidated financial statements.

LIBOR Transition

LIBOR is the basic rate of interest widely used as a reference for setting the interest rates on loans globally. In 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index, the Secured Overnight Financing Rate ("SOFR"), calculated using short-term repurchase agreements backed by Treasury securities. We are evaluating the potential impact of the eventual replacement of the LIBOR benchmark interest rate, however, we are not able to predict whether LIBOR will cease to be available after 2021, whether SOFR will become a widely accepted benchmark in place of LIBOR, or what the impact of such a possible transition to SOFR may be on our business, financial condition and results of operations.

We will need to renegotiate our Revolving Credit Facility to determine the interest rate to replace LIBOR with the new standard that is established. The potential effect of any such event on interest expense cannot yet be determined.

Cash Flows

The components of the net change in cash and cash equivalents were as follows:

	March 31,	
	2020	2019
	(In thousands)	
Net cash provided by operating activities	\$ 70,201	\$ 45,193
Net cash (used in) provided by investing activities	(76,399)	28,493
Net cash provided by (used in) financing activities	46,657	(74,771)
Net change in cash, cash equivalents and restricted cash	<u>\$ 40,459</u>	<u>\$ (1,085)</u>

Operating activities. Cash flows from operating activities for the three months ended March 31, 2020 primarily reflected:

- a \$13.8 million increase in accounts receivable related to the timing of invoicing and cash collections;
- a \$3.7 million increase in accounts payable due to the timing of payment obligations;
- a \$2.8 million increase in deferred revenue for cash receipts not yet recognized as revenue; and
- other changes in working capital.

Investing activities. Cash flows used in investing activities during the three months ended March 31, 2020 primarily reflected:

- \$58.0 million for investments in the Double E joint venture relating to the Double E Project; and
- \$18.6 million of capital expenditures primarily attributable to the DJ Basin of \$6.3 million, the Williston Basin of \$4.9 million and Summit Permian of \$3.3 million.

Cash flows used in investing activities during the three months ended March 31, 2019 primarily reflected:

- \$89.5 million of net proceeds from the Tioga Midstream sale; and
- \$60.8 million of capital expenditures primarily attributable to the ongoing development of the DJ Basin of \$28.4 million, Corporate and Other of \$16.1 million (inclusive of capital expenditures of \$15.8 million relating to the Double E Project), the Williston Basin of \$8.0 million and Summit Permian of \$7.1 million.

Financing activities. Cash flows used in financing activities during the three months ended March 31, 2020 primarily reflected:

- \$33.9 million of net proceeds from the issuance of Subsidiary Series A Preferred Units;
- \$21.0 million of net borrowings under our Revolving Credit Facility; and

- \$6.0 million of distributions.

Cash flows used in financing activities during the three months ended March 31, 2019 primarily reflected:

- \$27.4 million of distributions;
- \$32.0 million of net repayments under our Revolving Credit Facility.

Contractual Obligations Update

Double E Project

Upon completion of the Double E Project, we expect to own at least a 50% interest in the Double E Project, will lead the development, permitting and construction of the Double E Project and will operate the pipeline upon commissioning. At our current 70% interest, we estimate that our share of the capital expenditures required to develop the Double E Project will total approximately \$350.0 million, and that more than 90% of those capital expenditures will be incurred in 2020 and 2021. Assuming timely receipt of the required regulatory approvals (including the Federal Energy Regulatory Commission's issuance of the certificate required for us to pursue the Double E Project) and no material delays in construction, we expect that the Double E Project will be placed into service in the third quarter of 2021.

Capital Requirements

Our business is capital intensive, requiring significant investment for the maintenance of existing gathering systems and the acquisition or construction and development of new gathering systems and other midstream assets and facilities. Our Partnership Agreement requires that we categorize our capital expenditures as either:

- maintenance capital expenditures, which are cash expenditures (including expenditures for the addition or improvement to, or the replacement of, our capital assets or for the acquisition of existing, or the construction or development of new, capital assets) made to maintain our long-term operating income or operating capacity; or
- expansion capital expenditures, which are cash expenditures incurred for acquisitions or capital improvements that we expect will increase our operating income or operating capacity over the long term.

For the three months ended March 31, 2020, cash paid for capital expenditures totaled \$18.6 million (see Note 4 to the unaudited condensed consolidated financial statements) which included \$5.1 million of maintenance capital expenditures. For the three months ended March 31, 2020, there were no contributions to Ohio Gathering and we contributed \$58.0 million to Double E (see Note 8 to the unaudited condensed consolidated financial statements).

We rely primarily on internally generated cash flow as well as external financing sources, including commercial bank borrowings and the issuance of debt, equity and preferred equity securities, and proceeds from potential asset divestitures to fund our capital expenditures. We believe that our Revolving Credit Facility, together with internally generated cash flow and access to debt or equity capital markets, will be adequate to finance our business for the foreseeable future without adversely impacting our liquidity.

Considering the current commodity price backdrop and COVID-19 pandemic, we will remain disciplined with respect to future capital expenditures, which will be primarily concentrated on the Double E Project and accretive expansions of our existing systems in our Core Focus Areas. We continue to advance our financing plans for our equity interest in Double E, which we intend to be credit neutral to Summit. We are currently targeting a financing structure that limits cash investments by us during 2020, and which shifts a substantial majority of our Double E capital commitments to third parties. On December 24, 2019, we entered into an agreement with TPG Energy Solutions Anthem, L.P. ("TPG") to fund up to \$80 million of Permian Holdco's future capital calls associated with the Double E Project. Simultaneously, on December 24, 2019, we issued 30,000 Subsidiary Series A Preferred Units representing limited partner interests in Permian Holdco to TPG for net proceeds of \$27.3 million.

During the three months ended March 31, 2020, we issued an additional 35,000 Subsidiary Series A Preferred Units representing limited partner interests in Permian Holdco at a price of \$1,000 per unit. We used the net proceeds of \$34.4 million (after deducting underwriting discounts and offering expenses) to fund Summit's share of capital expenses associated with the Double E Project.

There are a number of risks and uncertainties that could cause our current expectations to change, including, but not limited to, (i) the ability to reach agreements with third parties; (ii) prevailing conditions and outlook in the natural gas, crude oil and natural gas liquids industries and markets and (iii) our ability to obtain financing from commercial banks, the capital markets, or other financing sources.

Credit and Counterparty Concentration Risks

We examine the creditworthiness of counterparties to whom we extend credit and manage our exposure to credit risk through credit analysis, credit approval, credit limits and monitoring procedures, and for certain transactions, we may request letters of credit, prepayments or guarantees.

Certain of our customers may be temporarily unable to meet their current obligations. While this may cause disruption to cash flows, we believe that we are properly positioned to deal with the potential disruption because the vast majority of our gathering assets are strategically positioned at the beginning of the midstream value chain. The majority of our infrastructure is connected directly to our customers' wellheads and pad sites, which means our gathering systems are typically the first third-party infrastructure through which our customers' commodities flow and, in many cases, the only way for our customers to get their production to market.

We have exposure due to nonperformance under our MVC contracts whereby a customer, who was not meeting its MVCs, does not have the wherewithal to make its MVC shortfall payments when they become due. We typically receive payment for all prior-year MVC shortfall billings in the quarter immediately following billing. Therefore, our exposure to risk of nonperformance is limited to and accumulates during the current year-to-date contracted measurement period.

For additional information, see Notes 4, 9, 11 and 16 to the unaudited condensed consolidated financial statements.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of or during the three months ended March 31, 2020.

Critical Accounting Estimates

We prepare our financial statements in accordance with GAAP. These principles are established by the FASB. We employ methods, estimates and assumptions based on currently available information when recording transactions resulting from business operations. There have been no changes to our significant accounting policies since December 31, 2019.

Forward-Looking Statements

Investors are cautioned that certain statements contained in this report as well as in periodic press releases and certain oral statements made by our officers and employees during our presentations are "forward-looking" statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements and may contain the words "expect," "intend," "plan," "anticipate," "estimate," "believe," "will be," "will continue," "will likely result," and similar expressions, or future conditional verbs such as "may," "will," "should," "would," and "could." In addition, any statement concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions taken by us, our subsidiaries, Summit Investments or our Sponsor, are also forward-looking statements. These forward-looking statements involve various risks and uncertainties, including, but not limited to, those described in Item 1A. Risk Factors included in this report.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond the control of our management team. All forward-looking statements in this report and subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements in this paragraph. These risks and uncertainties include, among others:

- fluctuations in natural gas, NGLs and crude oil prices, including as of a result of political or economic measures taken by various countries in response to the OPEC price war;
- the extent and success of our customers' drilling efforts, as well as the quantity of natural gas, crude oil and produced water volumes produced within proximity of our assets;
- the current and potential future impact of the COVID-19 pandemic on our business, results of operations, financial position or cash flows;
- failure or delays by our customers in achieving expected production in their natural gas, crude oil and produced water projects;
- competitive conditions in our industry and their impact on our ability to connect hydrocarbon supplies to our gathering and processing assets or systems;
- actions or inactions taken or nonperformance by third parties, including suppliers, contractors, operators, processors, transporters and customers, including the inability or failure of our shipper customers to meet their financial obligations under our gathering agreements and our ability to enforce the terms and conditions of certain of our gathering agreements in the event of a bankruptcy of one or more of our customers;
- our ability to divest of certain of our assets to third parties on attractive terms, which is subject to a number of factors, including prevailing conditions and outlook in the natural gas, NGL and crude oil industries and markets;
- the ability to attract and retain key management personnel;
- commercial bank and capital market conditions and the potential impact of changes or disruptions in the credit and/or capital markets;
- changes in the availability and cost of capital and the results of our financing efforts, including availability of funds in the credit and/or capital markets;
- restrictions placed on us by the agreements governing our debt and preferred equity instruments;
- the availability, terms and cost of downstream transportation and processing services;
- natural disasters, accidents, weather-related delays, casualty losses and other matters beyond our control;
- operational risks and hazards inherent in the gathering, compression, treating and/or processing of natural gas, crude oil and produced water;
- weather conditions and terrain in certain areas in which we operate;
- any other issues that can result in deficiencies in the design, installation or operation of our gathering, compression, treating and processing facilities;
- timely receipt of necessary government approvals and permits, our ability to control the costs of construction, including costs of materials, labor and rights-of-way and other factors that may impact our ability to complete projects within budget and on schedule;
- our ability to finance our obligations related to capital expenditures, including through opportunistic asset divestitures or joint ventures and the impact any such divestitures or joint ventures could have on our results;
- the effects of existing and future laws and governmental regulations, including environmental, safety and climate change requirements and federal, state and local restrictions or requirements applicable to oil and/or gas drilling, production or transportation;
- the ability of SMP Holdings to meet its obligations under the SMPH Term Loan;
- changes in tax status;
- the effects of litigation;

-
- changes in general economic conditions; and
 - certain factors discussed elsewhere in this report.

Developments in any of these areas could cause actual results to differ materially from those anticipated or projected or cause a significant reduction in the market price of our common units, preferred units and senior notes.

The foregoing list of risks and uncertainties may not contain all of the risks and uncertainties that could affect us. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this document may not in fact occur. Accordingly, undue reliance should not be placed on these statements. We undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise, except as otherwise required by law.

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