

Edgar Filing: Summit Midstream Partners, LP - Form 10-Q

Summit Midstream Partners, LP
Form 10-Q
May 08, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q
(Mark One)

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

For the quarterly period ended March 31, 2014

or

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

For the transition period from to

Commission file number: 001-35666

Summit Midstream Partners, LP

(Exact name of registrant as specified in its charter)

Delaware

45-5200503

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

2100 McKinney Avenue, Suite 1250

75201

Dallas, Texas

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code: (214) 242-1955

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

Title of each class
Common Units

Name of exchange on which registered
New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

Smaller Reporting Company

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

Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	As of April 30, 2014
Common Units	34,421,844 units
Subordinated Units	24,409,850 units
General Partner Units	1,200,651 units

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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 officials 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,” “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 or our subsidiaries, are also forward-looking statements. These forward-looking statements involve external risks and uncertainties, including, but not limited to, those described under the section entitled “Risk Factors” included herein.

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:

- changes in general economic conditions;
- fluctuations in crude oil, natural gas and natural gas liquids prices;
- the extent and success of drilling efforts, as well as the extent and quality of natural gas volumes produced within proximity of our assets;
- failure or delays by our customers in achieving expected production in their natural gas and crude oil projects;
- competitive conditions in our industry and their impact on our ability to connect natural gas supplies to our gathering and processing assets or systems;
- actions or inactions taken or non-performance 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;
- our ability to consummate acquisitions, successfully integrate the acquired businesses, realize any cost savings and other synergies from any acquisition;
- 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 instruments;
- the availability, terms and cost of downstream transportation and processing services;
- operating hazards, natural disasters, accidents, weather-related delays, casualty losses and other matters beyond our control;
- weather conditions and seasonal trends;
- 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;
- the effects of existing and future laws and governmental regulations, including environmental and climate change requirements;
- the effects of litigation; 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 and senior notes.

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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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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

SUMMIT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014	December 31, 2013
	(Dollars in thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$10,404	\$20,357
Accounts receivable	47,104	67,877
Other assets	3,015	4,741
Total current assets	60,523	92,975
Property, plant and equipment, net	1,177,156	1,158,081
Intangible assets, net:		
Favorable gas gathering contracts	17,446	17,880
Contract intangibles	375,344	383,306
Rights-of-way	102,035	100,991
Total intangible assets, net	494,825	502,177
Goodwill	115,888	115,888
Other noncurrent assets	14,000	14,618
Total assets	\$1,862,392	\$1,883,739
Liabilities and Partners' Capital		
Current liabilities:		
Trade accounts payable	\$22,766	\$25,117
Due to affiliate	1,043	653
Deferred revenue	1,555	1,555
Ad valorem taxes payable	4,070	8,375
Accrued interest	5,740	12,144
Other current liabilities	10,395	11,729
Total current liabilities	45,569	59,573
Long-term debt	691,000	586,000
Noncurrent liability, net (Note 4)	6,166	6,374
Deferred revenue	33,410	29,683
Other noncurrent liabilities	371	372
Total liabilities	776,516	682,002
Commitments and contingencies (Note 11)		
Common limited partner capital (34,421,259 units issued and outstanding at March 31, 2014 and 29,079,866 units issued and outstanding at December 31, 2013)	716,589	566,532
Subordinated limited partner capital (24,409,850 units issued and outstanding at March 31, 2014 and December 31, 2013)	343,252	379,287
General partner interests (1,200,651 units issued and outstanding at March 31, 2014 and 1,091,453 issued and outstanding at December 31, 2013)	26,035	23,324
Summit Investments' equity in contributed subsidiaries	—	232,594
Total partners' capital	1,085,876	1,201,737
Total liabilities and partners' capital	\$1,862,392	\$1,883,739

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended March	
	31,	2013
	2014	2013
	(In thousands, except per-unit and unit amounts)	
Revenues:		
Gathering services and other fees	\$50,072	\$45,972
Natural gas, NGLs and condensate sales and other	26,356	16,292
Amortization of favorable and unfavorable contracts	(226) (280
Total revenues	76,202	61,984
Costs and expenses:		
Operation and maintenance	19,181	17,579
Cost of natural gas and NGLs	15,281	7,965
General and administrative	7,886	6,567
Transaction costs	537	38
Depreciation and amortization	19,642	13,912
Total costs and expenses	62,527	46,061
Other income (expense)	1	1
Interest expense	(7,144) (1,879
Income before income taxes	6,532	14,045
Income tax expense	(159) (181
Net income	\$6,373	