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

FORM 10-Q

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

For the quarterly period ended March 31, 2017

OR

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

For the transition period from ______ to ______.

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Crestwood Equity Partners LP	Yes x No o
Crestwood Midstream Partners LP	Yes x No o

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

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

Crestwood Equity Partners LP	Yes x No o
Crestwood Midstream Partners LP	Yes x No o

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

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

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange act.

Crestwood Equity Partners LP	o
Crestwood Midstream Partners LP	o

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

Crestwood Equity Partners LP	Yes o No x
Crestwood Midstream Partners LP	Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (May 1, 2017)

Crestwood Equity Partners LP	69,653,515
Crestwood Midstream Partners LP	None

Crestwood Midstream Partners LP, as a wholly-owned subsidiary of a reporting company, meets the conditions set forth in General Instruction H(1) (a) and (b) of Form 10-Q and is therefore filing this report with the reduced disclosure format as permitted by such instruction.

CRESTWOOD EQUITY PARTNERS LP
CRESTWOOD MIDSTREAM PARTNERS LP
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2017	December 31, 2016
	(unaudited)	
Assets		
Current assets:		
Cash	$ 1.0	$ 1.6
Accounts receivable, less allowance for doubtful accounts of $1.4 million and $1.9 million at March 31, 2017 and December 31, 2016	267.8	289.8
Inventory	58.8	66.0
Assets from price risk management activities	6.7	6.3
Prepaid expenses and other current assets	5.7	9.7
Total current assets	340.0	373.4
Property, plant and equipment	2,572.4	2,555.4
Less: accumulated depreciation and depletion	491.7	457.8
Property, plant and equipment, net	2,080.7	2,097.6
Intangible assets	898.6	898.6
Less: accumulated amortization	254.7	241.2
Intangible assets, net	643.9	657.4
Goodwill	199.0	199.0
Investments in unconsolidated affiliates	1,105.3	1,115.4
Other assets	5.9	6.1
Total assets	$ 4,374.8	$ 4,448.9
Liabilities and partners’ capital		
Current liabilities:		
Accounts payable	$ 193.7	$ 217.2
Accrued expenses and other liabilities	78.1	90.5
Liabilities from price risk management activities	9.4	28.6
Current portion of long-term debt	14.8	1.0
Total current liabilities	296.0	337.3
Long-term debt, less current portion	1,550.3	1,522.7
Other long-term liabilities	46.5	44.6
Deferred income taxes	4.7	5.3
Commitments and contingencies (*Note 10*)		
Partners’ capital:		
Crestwood Equity Partners LP partners’ capital (70,142,803 and 69,499,741 common and subordinated units issued and outstanding at March 31, 2017 and December 31, 2016)	1,700.2	1,782.0
Preferred units (68,072,226 and 66,533,415 units issued and outstanding at March 31, 2017 and December 31, 2016)	582.3	564.5
Total Crestwood Equity Partners LP partners’ capital	2,282.5	2,346.5
Interest of non-controlling partners in subsidiaries	194.8	192.5
Total partners’ capital	2,477.3	2,539.0
Total liabilities and partners’ capital	$ 4,374.8	$ 4,448.9

See accompanying notes.

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

	Three Months Ended March 31,	
	2017	**2016**
Revenues:		
Product revenues:		
Gathering and processing	$ 293.1	$ 162.5
Marketing, supply and logistics	430.2	206.5
	723.3	369.0
Services revenues:		
Gathering and processing	75.0	75.7
Storage and transportation	10.0	59.4
Marketing, supply and logistics	19.3	31.2
Related party (*Note 11*)	0.5	0.7
	104.8	167.0
Total revenues	828.1	536.0
Costs of product/services sold (exclusive of items shown separately below):		
Product costs:		
Gathering and processing	312.5	175.4
Marketing, supply and logistics	354.2	166.0
Related party (*Note 11*)	4.1	4.3
	670.8	345.7
Service costs:		
Gathering and processing	—	0.1
Storage and transportation	—	2.9
Marketing, supply and logistics	12.7	14.7
	12.7	17.7
Total costs of products/services sold	683.5	363.4
Expenses:		
Operations and maintenance	33.7	41.8
General and administrative	26.4	23.0
Depreciation, amortization and accretion	48.4	62.3
	108.5	127.1
Other operating expenses:		
Goodwill impairment	—	(109.7)
Operating income (loss)	36.1	(64.2)

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

	Three Months Ended March 31,	
	2017	2016
Earnings from unconsolidated affiliates, net	8.1	6.5
Interest and debt expense, net	(26.5)	(36.1)
Loss on modification/extinguishment of debt	(37.3)	—
Other income, net	0.1	0.1
Loss before income taxes	(19.5)	(93.7)
Benefit for income taxes	0.1	—
Net loss	(19.4)	(93.7)
Net income attributable to non-controlling partners	6.1	5.9
Net loss attributable to Crestwood Equity Partners LP	(25.5)	(99.6)
Net income attributable to preferred units	17.8	1.6
Net loss attributable to partners	$ (43.3)	$ (101.2)
Subordinated unitholders' interest in net loss	$ —	$ —
Common unitholders' interest in net loss	$ (43.3)	$ (101.2)
Net loss per limited partner unit:		
Basic	$ (0.62)	$ (1.47)
Diluted	$ (0.62)	$ (1.47)
Weighted-average limited partners’ units outstanding (*in thousands*):		
Basic	69,697	68,912
Dilutive units	—	—
Diluted	69,697	68,912

See accompanying notes.

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

	Three Months Ended March 31,	
	2017	**2016**
Net loss	$ (19.4)	$ (93.7)
Change in fair value of Suburban Propane Partners, L.P. units	(0.4)	0.8
Comprehensive loss	(19.8)	(92.9)
Comprehensive income attributable to non-controlling interest	6.1	5.9
Comprehensive loss attributable to Crestwood Equity Partners LP	$ (25.9)	$ (98.8)

See accompanying notes.

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

	Preferred		Partners				
	Units	Capital	Common Units	Subordinated Units	Capital	Non-Controlling Partners	Total Partners' Capital
Balance at December 31, 2016	66.5	$ 564.5	69.1	0.4	$ 1,782.0	$ 192.5	$ 2,539.0
Distributions to partners	1.6	—	—	—	(41.8)	(3.8)	(45.6)
Unit-based compensation charges	—	—	0.7	—	7.3	—	7.3
Taxes paid for unit-based compensation vesting	—	—	(0.1)	—	(3.4)	—	(3.4)
Change in fair value of Suburban Propane Partners, L.P. units	—	—	—	—	(0.4)	—	(0.4)
Other	—	—	—	—	(0.2)	—	(0.2)
Net income (loss)	—	17.8	—	—	(43.3)	6.1	(19.4)
Balance at March 31, 2017	68.1	$ 582.3	69.7	0.4	$ 1,700.2	$ 194.8	$ 2,477.3

See accompanying notes.

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

	Three Months Ended March 31,	
	2017	**2016**
Operating activities		
Net loss	$ (19.4)	$ (93.7)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and accretion	48.4	62.3
Amortization of debt-related deferred costs, discounts and premiums	1.8	1.7
Unit-based compensation charges	7.3	4.5
Goodwill impairment	—	109.7
Loss on modification/extinguishment of debt	37.3	—
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	(0.3)	(0.8)
Deferred income taxes	(0.6)	(0.1)
Other	(0.4)	0.1
Changes in operating assets and liabilities	(15.2)	50.6
Net cash provided by operating activities	58.9	134.3
Investing activities		
Purchases of property, plant and equipment	(22.7)	(55.6)
Investment in unconsolidated affiliates	(0.1)	(5.5)
Capital distributions from unconsolidated affiliates	10.5	—
Net proceeds from sale of assets	—	0.8
Net cash used in investing activities	(12.3)	(60.3)
Financing activities		
Proceeds from the issuance of long-term debt	1,154.5	313.5
Payments on long-term debt	(1,143.7)	(286.2)
Payments on capital leases	(0.4)	(0.5)
Payments for debt-related deferred costs	(8.5)	(0.1)
Distributions to partners	(41.8)	(95.6)
Distributions paid to non-controlling partners	(3.8)	(3.8)
Taxes paid for unit-based compensation vesting	(3.4)	(0.6)
Other	(0.1)	(0.1)
Net cash used in financing activities	(47.2)	(73.4)
Net change in cash	(0.6)	0.6
Cash at beginning of period	1.6	0.5
Cash at end of period	$ 1.0	$ 1.1
Supplemental schedule of noncash investing and financing activities		
Net change to property, plant and equipment through accounts payable and accrued expenses	$ (2.0)	$ (9.7)

See accompanying notes.

CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(in millions)

	March 31, 2017	December 31, 2016
	(unaudited)	
Assets		
Current assets:		
Cash	$ 0.6	$ 1.3
Accounts receivable, less allowance for doubtful accounts of $1.4 million and $1.9 million at March 31, 2017 and December 31, 2016	267.8	289.8
Inventory	58.8	66.0
Assets from price risk management activities	6.7	6.3
Prepaid expenses and other current assets	5.7	9.7
Total current assets	339.6	373.1
Property, plant and equipment	2,902.5	2,885.5
Less: accumulated depreciation and depletion	624.5	587.1
Property, plant and equipment, net	2,278.0	2,298.4
Intangible assets	883.1	883.1
Less: accumulated amortization	243.0	230.2
Intangible assets, net	640.1	652.9
Goodwill	199.0	199.0
Investments in unconsolidated affiliates	1,105.3	1,115.4
Other assets	2.1	1.8
Total assets	$ 4,564.1	$ 4,640.6
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	$ 191.0	$ 214.5
Accrued expenses and other liabilities	75.2	87.9
Liabilities from price risk management activities	9.4	28.6
Current portion of long-term debt	14.8	1.0
Total current liabilities	290.4	332.0
Long-term debt, less current portion	1,550.3	1,522.7
Other long-term liabilities	43.9	42.0
Deferred income taxes	0.7	0.7
Commitments and contingencies (*Note 10*)		
Partners' capital	2,484.0	2,550.7
Interest of non-controlling partners in subsidiary	194.8	192.5
Total partners' capital	2,678.8	2,743.2
Total liabilities and partners' capital	$ 4,564.1	$ 4,640.6

See accompanying notes.

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

	Three Months Ended March 31,	
	2017	**2016**
Revenues:		
Product revenues:		
Gathering and processing	$ 293.1	$ 162.5
Marketing, supply and logistics	430.2	206.5
	723.3	369.0
Service revenues:		
Gathering and processing	75.0	75.7
Storage and transportation	10.0	59.4
Marketing, supply and logistics	19.3	31.2
Related party (*Note 11*)	0.5	0.7
	104.8	167.0
Total revenues	828.1	536.0
Costs of product/services sold (exclusive of items shown separately below):		
Product costs:		
Gathering and processing	312.5	175.4
Marketing, supply and logistics	354.2	166.0
Related party (*Note 11*)	4.1	4.3
	670.8	345.7
Service costs:		
Gathering and processing	—	0.1
Storage and transportation	—	2.9
Marketing, supply and logistics	12.7	14.7
	12.7	17.7
Total costs of product/services sold	683.5	363.4
Expenses:		
Operations and maintenance	33.7	41.7
General and administrative	25.5	22.2
Depreciation, amortization and accretion	51.2	64.9
	110.4	128.8
Other operating expenses:		
Goodwill impairment	—	(109.7)
Operating income (loss)	34.2	(65.9)

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

	Three Months Ended March 31,	
	2017	**2016**
Earnings from unconsolidated affiliates, net	8.1	6.5
Interest and debt expense, net	(26.5)	(36.1)
Loss on modification/extinguishment of debt	(37.3)	—
Loss before income taxes	(21.5)	(95.5)
Benefit for income taxes	0.1	0.2
Net loss	(21.4)	(95.3)
Net income attributable to non-controlling partners	6.1	5.9
Net loss attributable to Crestwood Midstream Partners LP	$ (27.5)	$ (101.2)

See accompanying notes.

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

	Partners	Non-Controlling Partners	Total Partners' Capital
Balance at December 31, 2016	$ 2,550.7	$ 192.5	$ 2,743.2
Distributions to partners	(43.1)	(3.8)	(46.9)
Unit-based compensation charges	7.3	—	7.3
Taxes paid for unit-based compensation vesting	(3.4)	—	(3.4)
Net income (loss)	(27.5)	6.1	(21.4)
Balance at March 31, 2017	$ 2,484.0	$ 194.8	$ 2,678.8

See accompanying notes.

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

	Three Months Ended March 31,	
	2017	**2016**
Operating activities		
Net loss	$ (21.4)	$ (95.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and accretion	51.2	64.9
Amortization of debt-related deferred costs and premiums	1.8	1.7
Unit-based compensation charges	7.3	4.5
Goodwill impairment	—	109.7
Loss on modification/extinguishment of debt	37.3	—
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	(0.3)	(0.8)
Deferred income taxes	—	0.2
Other	(0.4)	0.1
Changes in operating assets and liabilities	(15.5)	50.7
Net cash provided by operating activities	60.0	135.7
Investing activities		
Purchases of property, plant and equipment	(22.7)	(55.6)
Investment in unconsolidated affiliates	(0.1)	(5.5)
Capital distributions from unconsolidated affiliates	10.5	—
Net proceeds from sale of assets	—	0.8
Net cash used in investing activities	(12.3)	(60.3)
Financing activities		
Proceeds from the issuance of long-term debt	1,154.5	313.5
Payments on long-term debt	(1,143.7)	(286.0)
Payments on capital leases	(0.4)	(0.5)
Payments for debt-related deferred costs	(8.5)	(0.1)
Distributions to partners	(46.9)	(101.0)
Taxes paid for unit-based compensation vesting	(3.4)	(0.6)
Net cash used in financing activities	(48.4)	(74.7)
Net change in cash	(0.7)	0.7
Cash at beginning of period	1.3	0.1
Cash at end of period	$ 0.6	$ 0.8
Supplemental schedule of non-cash investing and financing activities		
Net change to property, plant and equipment through accounts payable and accrued expenses	$ (2.0)	$ (9.7)

See accompanying notes.

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

Note 1 – Organization and Business Description

The accompanying notes to the consolidated financial statements apply to Crestwood Equity Partners LP and Crestwood Midstream Partners LP, unless otherwise indicated. References in this report to "we," "us," "our," "ours," "our company," the "partnership," the "Company," "Crestwood Equity," "CEQP," and similar terms refer to either Crestwood Equity Partners LP itself or Crestwood Equity Partners LP and its consolidated subsidiaries, as the context requires. Unless otherwise indicated, references to "Crestwood Midstream" and "CMLP" refer to Crestwood Midstream Partners LP and its consolidated subsidiaries.

The accompanying consolidated financial statements and related notes should be read in conjunction with our 2016 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 27, 2017. The financial information as of March 31, 2017, and for the three months ended March 31, 2017 and 2016, is unaudited. The consolidated balance sheets as of December 31, 2016, were derived from the audited balance sheets filed in our 2016 Annual Report on Form 10-K.

Organization

Crestwood Equity is a publicly-traded (NYSE: CEQP) Delaware limited partnership that develops, acquires, owns or controls, and operates primarily fee-based assets and operations within the energy midstream sector. We provide broad-ranging infrastructure solutions across the value chain to service premier liquids-rich natural gas and crude oil shale plays across the United States. We own and operate a diversified portfolio of crude oil and natural gas gathering, processing, storage and transportation assets and connect fundamental energy supply with energy demand across North America. Crestwood Equity is a holding company and all of its consolidated operating assets are owned by or through its wholly-owned subsidiary, Crestwood Midstream, a Delaware limited partnership.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and include the accounts of all consolidated subsidiaries after the elimination of all intercompany accounts and transactions. In management's opinion, all necessary adjustments to fairly present our results of operations, financial position and cash flows for the periods presented have been made and all such adjustments are of a normal and recurring nature. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the SEC.

Significant Accounting Policies

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

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

The following table summarizes goodwill impairments of certain of our reporting units recorded during the three months ended March 31, 2016 (*in millions*):

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

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

Crestwood Equity 2017 Long Term Incentive Plan. In February 2017, Crestwood Equity issued 381,704 performance units under the Crestwood Equity Partners LP Long Term Incentive Plan (Crestwood LTIP). The performance units are designed to provide an incentive for continuous employment to certain key employees. The vesting of performance units is subject to the attainment of certain performance and market goals over a three-year period, and entitle a participant to receive common units of Crestwood Equity without payment of an exercise price upon vesting. As of March 31, 2017, we had total unamortized compensation expense of approximately $10.6 million related to these performance units, which we expect will be amortized during the next three years. We recognized compensation expense of approximately $0.4 million under the Crestwood LTIP related to these performance units during the three months ended March 31, 2017, which is included in general and administrative expenses on our consolidated statements of operations.

New Accounting Pronouncements Issued But Not Yet Adopted

As of March 31, 2017, the following accounting standards had not yet been adopted by us:

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

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which revises the accounting for leases by requiring certain leases to be recognized as assets and liabilities on the balance sheet, and requiring companies to disclose additional information about their leasing arrangements. We expect to adopt the provisions of this standard effective January 1, 2019 and are currently evaluating the impact that this standard will have on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. We expect to adopt the provisions of this standard effective January 1, 2018 and are currently evaluating the impact that this standard may have on our consolidated financial statements.

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

Note 3 – Certain Balance Sheet Information

Accrued Expenses and Other Liabilities

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

	CEQP		CMLP	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Accrued expenses	$ 32.6	$ 46.9	$ 31.4	$ 45.5
Accrued property taxes	4.9	4.2	4.9	4.2
Accrued natural gas purchases	3.8	4.9	3.8	4.9
Tax payable	1.7	1.2	—	—
Interest payable	26.1	22.8	26.1	22.8
Accrued additions to property, plant and equipment	1.6	1.7	1.6	1.7
Capital leases	1.2	1.3	1.2	1.3
Deferred revenue	6.2	7.5	6.2	7.5
Total accrued expenses and other liabilities	$ 78.1	$ 90.5	$ 75.2	$ 87.9

Note 4 - Investments in Unconsolidated Affiliates

Crestwood Permian Basin Holdings LLC

In October 2016, Crestwood Infrastructure, our wholly-owned subsidiary, and an affiliate of First Reserve formed a joint venture, Crestwood Permian Basin Holdings LLC (Crestwood Permian), to fund and own the Nautilus gathering system (described below) and other potential investments in the Delaware Permian. As part of this transaction, we transferred to the joint venture 100% of the equity interest of the Crestwood entity that will construct and own the Nautilus gathering system. We manage and we account for our 50% ownership interest in Crestwood Permian, which is a VIE, under the equity method of accounting as we exercise significant influence, but do not control Crestwood Permian and we are not its primary beneficiary due to First Reserve's rights to exercise control over the entity.

Crestwood Permian has a long-term agreement with SWEPI LP (SWEPI), a subsidiary of Royal Dutch Shell plc, to construct, own and operate a natural gas gathering system in SWEPI's operated position in the Delaware Permian. SWEPI has dedicated to Crestwood Permian approximately 100,000 acres and gathering rights for SWEPI's gas production across a large acreage position in Loving, Reeves and Ward Counties, Texas. The initial gathering system (the Nautilus gathering system) is designed for gas production of approximately 250 MMcf/d and will include 194 miles of low pressure gathering lines, 36 miles of high pressure trunklines, and centralized compression facilities which are expandable over time as production increases. Crestwood Permian will provide gathering, dehydration, compression and liquids handling services on a fixed fee basis. In conjunction with this growth project, we granted SWEPI an option to purchase up to a 50% equity interest in Crestwood Permian's wholly-owned subsidiary, Crestwood Permian Basin LLC, that will own the Nautilus gathering system. The purchase option expires on September 1, 2017.

Under the joint venture, First Reserve will fund up to $37.5 million of the capital requirements during the early-stage build-out of the Nautilus gathering system, after which we will fund the next $37.5 million, and then both parties will fund the remaining capital requirements on a pro rata basis. The targeted initial in-service date is on or before July 1, 2017. We did not make any capital contributions to Crestwood Permian during the three months ended March 31, 2017.

CEQP issued a guarantee in conjunction with the Crestwood Permian gas gathering agreement with SWEPI described above, under which CEQP has agreed to fund 100% of the costs to build the Nautilus gathering system (which is currently estimated to cost approximately $180 million) if Crestwood Permian fails to do so. We do not believe this guarantee is probable of resulting in future losses based on our assessment of the nature of the guarantee, the financial condition of the guaranteed party and the period of time that the guarantee has been outstanding, and as a result, we have not recorded a liability on our balance sheet at March 31, 2017 and December 31, 2016.

Net Investments and Earnings

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

	Ownership Percentage	Investment		Earnings (Loss) from Unconsolidated Affiliates	
	March 31,	March 31,	December 31,	Three Months Ended March 31,	
	2017	2017	2016	2017	2016
Stagecoach Gas Services LLC[1]	50.00%	$ 864.9	$ 871.0	$ 6.0	$ —
Jackalope Gas Gathering Services, L.L.C.[2]	50.00% [3]	193.2	197.2	1.8	5.1
Tres Palacios Holdings LLC[4]	50.01%	39.5	39.0	0.5	0.8
Powder River Basin Industrial Complex, LLC[5]	50.01%	8.4	8.7	—	0.6
Crestwood Permian Basin Holdings LLC[6]	50.00%	(0.7)	(0.5)	(0.2)	—
Total		$ 1,105.3	$ 1,115.4	$ 8.1	$ 6.5

(1) As of March 31, 2017, our equity in the underlying net assets of Stagecoach Gas Services LLC (Stagecoach Gas) exceeded our investment balance by approximately $51.4 million. This excess amount is entirely attributable to goodwill and, as such, is not subject to amortization. Our Stagecoach Gas investment is included in our storage and transportation segment.

(2) As of March 31, 2017, our equity in the underlying net assets of Jackalope Gas Gathering Services, L.L.C. (Jackalope) exceeded our investment balance by approximately $0.8 million. We amortize this amount over 20 years, which represents the life of Jackalope's gathering agreement with Chesapeake Energy Corporation (Chesapeake), and we reflect the amortization as an increase in our earnings from unconsolidated affiliates. Our Jackalope investment is included in our gathering and processing segment.

(3) Excludes non-controlling interests related to our investment in Jackalope.

(4) As of March 31, 2017, our equity in the underlying net assets of Tres Palacios Holdings LLC (Tres Holdings) exceeded our investment balance by approximately $27.5 million. We amortize this amount over the life of the Tres Palacios Gas Storage LLC (Tres Palacios) sublease agreement, and we reflect the amortization as an increase in our earnings from unconsolidated affiliates. Our Tres Holdings investment is included in our storage and transportation segment.

(5) As of March 31, 2017, our equity in the underlying net assets of Powder River Basin Industrial Complex, LLC (PRBIC) exceeded our investment balance by approximately $15.1 million. We amortize a portion of this amount over the life of PRBIC's property, plant and equipment and its agreement with Chesapeake, and we reflect the amortization as an increase in our earnings from unconsolidated affiliates. Our PRBIC investment is included in our storage and transportation segment.

(6) As of March 31, 2017, our equity in the underlying net assets of Crestwood Permian approximated our investment balance. Our Crestwood Permian investment is included in our gathering and processing segment.

Summarized Financial Information of Unconsolidated Affiliates

Below is the summarized operating results for our significant unconsolidated affiliates (*in millions; amounts represent 100% of unconsolidated affiliate information*):

	Three Months Ended March 31,					
	2017			2016		
	Operating Revenues	Operating Expenses	Net Income (Loss)	Operating Revenues	Operating Expenses	Net Income
Stagecoach Gas	$ 42.0	$ 19.4	$ 22.6	$ —	$ —	$ —
Other(1)	19.9	16.2	3.7	30.4	18.9	11.5
Total	$ 61.9	$ 35.6	$ 26.3	$ 30.4	$ 18.9	$ 11.5

(1) Includes our Jackalope, Tres Holdings, PRBIC and Crestwood Permian equity investments. We amortize the excess basis in our equity investments as an increase in our earnings from unconsolidated affiliates. We recorded amortization of the excess basis in our Jackalope equity investment of less than $0.1 million for both the three months ended March 31, 2017 and 2016. We recorded amortization of the excess basis in our Tres Holdings equity investment of approximately $0.3 million for both the three months ended March 31, 2017 and 2016. We recorded amortization of the excess basis in our PRBIC equity investment of approximately $0.2 million and $0.4 million for the three months ended March 31, 2017 and 2016.

Distributions and Contributions

	Distributions		Contributions	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2017	2016	2017	2016
Stagecoach Gas(1)	$ 12.1	$ —	$ —	$ —
Jackalope	5.9	5.1	0.1	—
Tres Holdings(1)	—	—	—	5.5
PRBIC	0.3	0.6	—	—
Crestwood Permian	—	—	—	—
Total	$ 18.3	$ 5.7	$ 0.1	$ 5.5

(1) In May 2017, we received a cash distribution from Stagecoach Gas and Tres Holdings of approximately $11.7 million and $2.7 million, respectively.

Note 5 – Risk Management

We are exposed to certain market risks related to our ongoing business operations. These risks include exposure to changing commodity prices. We utilize derivative instruments to manage our exposure to fluctuations in commodity prices, which is discussed below. Additional information related to our derivatives is discussed in Note 6.

Commodity Derivative Instruments and Price Risk Management

Risk Management Activities

We sell NGLs and crude oil to energy related businesses and may use a variety of financial and other instruments including forward contracts involving physical delivery of NGLs, heating oil and crude oil. We periodically enter into offsetting positions to economically hedge against the exposure our customer contracts create. Certain of these contracts and positions are derivative instruments. We do not designate any of our commodity-based derivatives as hedging instruments for accounting purposes. Our commodity-based derivatives are reflected at fair value in the consolidated balance sheets, and changes in the fair value of these derivatives that impact the consolidated statements of operations are reflected in costs of product/services sold. During the three months ended March 31, 2017 and 2016, the impact to our consolidated statements of operations related to our commodity-based derivatives reflected in costs of product/services sold was a loss of $5.4 million and a gain of $1.2 million. We attempt to balance our contractual portfolio in terms of notional amounts and timing of performance and delivery obligations. This balance in the contractual portfolio significantly reduces the volatility in costs of product/services sold related to these instruments.

Commodity Price and Credit Risk

Notional Amounts and Terms

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

	March 31, 2017		December 31, 2016	
	Fixed Price Payor	Fixed Price Receiver	Fixed Price Payor	Fixed Price Receiver
Propane, crude and heating oil (MMBbls)	12.8	14.0	13.1	15.1

Notional amounts reflect the volume of transactions, but do not represent the amounts exchanged by the parties to the financial instruments. Accordingly, notional amounts do not reflect our monetary exposure to market or credit risks.

All contracts subject to price risk had a maturity of 36 months or less; however, 81% of the contracted volumes will be delivered or settled within 12 months.

Credit Risk

Inherent in our contractual portfolio are certain credit risks. Credit risk is the risk of loss from nonperformance by suppliers, customers or financial counterparties to a contract. We take an active role in managing credit risk and have established control procedures, which are reviewed on an ongoing basis. We attempt to minimize credit risk exposure through credit policies and periodic monitoring procedures as well as through customer deposits, letters of credit and entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. The counterparties associated with our price risk management activities are primarily energy marketers and propane retailers, resellers and dealers.

Certain of our derivative instruments have credit limits that require us to post collateral. The amount of collateral required to be posted is a function of the net liability position of the derivative as well as our established credit limit with the respective counterparty. If our credit rating were to change, the counterparties could require us to post additional collateral. The amount of additional collateral that would be required to be posted would vary depending on the extent of change in our credit rating as well as the requirements of the individual counterparty. The aggregate fair value of all commodity derivative instruments with credit-risk-related contingent features that were in a liability position at March 31, 2017 and December 31, 2016 was $4.8 million and $13.9 million. At March 31, 2017 and December 31, 2016, we posted less than $0.1 million of collateral for our commodity derivative instruments with credit-risk-related contingent features. In addition, at March 31, 2017 and December 31, 2016, we had a New York Mercantile Exchange (NYMEX) related net derivative asset position of $4.6 million and $14.3 million, for which we posted $0.9 million and $4.2 million of cash collateral in the normal course of business. At March 31, 2017 and December 31, 2016, we also received collateral of $2.0 million and $4.3 million in the normal course of business. All collateral amounts have been netted against the asset or liability with the respective counterparty and are reflected in our consolidated balance sheets as assets and liabilities from price risk management activities.

Note 6 – Fair Value Measurements

The accounting standard for fair value measurement establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, listed equities and US government treasury securities.

- Level 2—Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various

assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange-traded derivatives such as over the counter (OTC) forwards, options and physical exchanges.

- Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Cash, Accounts Receivable and Accounts Payable

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

Credit Facility

The fair value of the amounts outstanding under our CMLP credit facility approximates the carrying amounts as of March 31, 2017 and December 31, 2016, due primarily to the variable nature of the interest rate of the instrument, which is considered a Level 2 fair value measurement.

Senior Notes

We estimate the fair value of our senior notes primarily based on quoted market prices for the same or similar issuances (representing a Level 2 fair value measurement). The following table reflects the carrying value (reduced for deferred financing costs associated with the respective notes) and fair value of our senior notes (*in millions*):

	March 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2020 Senior Notes	$ 13.9	$ 14.2	$ 340.6	$ 350.2
2022 Senior Notes	$ —	$ —	$ 429.3	$ 447.3
2023 Senior Notes	$ 691.0	$ 728.6	$ 690.6	$ 722.6
2025 Senior Notes	$ 491.6	$ 511.3	$ —	$ —

Financial Assets and Liabilities

As of March 31, 2017 and December 31, 2016, we held certain assets and liabilities that are required to be measured at fair value on a recurring basis, which include our derivative instruments related to heating oil, crude oil, and NGLs. Our derivative instruments consist of forwards, swaps, futures, physical exchanges and options.

Our derivative instruments that are traded on the NYMEX have been categorized as Level 1.

Our derivative instruments also include OTC contracts, which are not traded on a public exchange. The fair values of these derivative instruments are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. These instruments have been categorized as Level 2.

Our OTC options are valued based on the Black Scholes option pricing model that considers time value and volatility of the underlying commodity. The inputs utilized in the model are based on publicly available information as well as broker quotes. These options have been categorized as Level 2.

Our financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth by level within the fair value hierarchy, our financial instruments that were accounted for at fair value on a recurring basis at March 31, 2017 and December 31, 2016 (*in millions*):

	March 31, 2017						
	Fair Value of Derivatives						
	Level 1	Level 2	Level 3	Gross Fair Value	Contract Netting[(1)]	Collateral/Margin Received or Paid	Recorded in Balance Sheet
Assets							
Assets from price risk management	$ 1.3	$ 39.9	$ —	$ 41.2	$ (34.3)	$ (0.2)	$ 6.7
Suburban Propane Partners, L.P. units[(2)]	3.9	—	—	3.9	—	—	3.9
Total assets at fair value	$ 5.2	$ 39.9	$ —	$ 45.1	$ (34.3)	$ (0.2)	$ 10.6
Liabilities							
Liabilities from price risk management	$ 1.5	$ 41.3	$ —	$ 42.8	$ (34.3)	$ 0.9	$ 9.4
Total liabilities at fair value	$ 1.5	$ 41.3	$ —	$ 42.8	$ (34.3)	$ 0.9	$ 9.4

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

(1) Amounts represent the impact of legally enforceable master netting agreements that allow us to settle positive and negative positions as well as cash collateral held or placed with the same counterparties.

(2) Amount is reflected in other assets on CEQP's consolidated balance sheets.

Note 7 – Long-Term Debt

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

	March 31, 2017	December 31, 2016
Credit Facility	$ 381.7	$ 77.0
2020 Senior Notes	13.8	338.8
Fair value adjustment of 2020 Senior Notes	0.1	1.8
2022 Senior Notes	—	436.4
2023 Senior Notes	700.0	700.0
2025 Senior Notes	500.0	—
Other	3.3	3.7
Less: deferred financing costs, net	33.8	34.0
Total debt	1,565.1	1,523.7
Less: current portion	14.8	1.0
Total long-term debt, less current portion	$ 1,550.3	$ 1,522.7

Credit Facility

At March 31, 2017, Crestwood Midstream had $644.4 million of available capacity under its credit facility considering the most restrictive debt covenants in its credit agreement. At March 31, 2017 and December 31, 2016, Crestwood Midstream's outstanding standby letters of credit were $70.8 million and $64.0 million. Borrowings under the CMLP credit facility accrue interest at prime or Eurodollar based rates plus applicable spreads, which resulted in interest rates between 3.15% and 5.25% at March 31, 2017 and 3.21% and 5.25% at December 31, 2016. The weighted-average interest rate as of March 31, 2017 and December 31, 2016 was 3.36% and 3.23%.

Crestwood Midstream is required under its credit agreement to maintain a net debt to consolidated EBITDA ratio (as defined in its credit agreement) of not more than 5.50 to 1.0, a consolidated EBITDA to consolidated interest expense ratio (as defined in its credit agreement) of not less than 2.50 to 1.0, and a senior secured leverage ratio (as defined in its credit agreement) of not more than 3.75 to 1.0. At March 31, 2017, the net debt to consolidated EBITDA was approximately 3.92 to 1.0, the consolidated EBITDA to consolidated interest expense was approximately 3.90 to 1.0, and the senior secured leverage ratio was 0.94 to 1.0.

The CMLP credit facility allows Crestwood Midstream to increase its available borrowings under the facility by $350.0 million, subject to lender approval and the satisfaction of certain other conditions, as described in the CMLP credit agreement. In March 2017, Crestwood Midstream obtained the lender consent necessary under its credit agreement to borrow up to $325 million to fund the repurchase or redemption of senior notes outstanding.

Senior Notes

Repayments. In March 2017, Crestwood Midstream paid approximately $793.5 million to purchase, redeem and/or cancel all of the principal amount outstanding under the 2022 Senior Notes and $325.0 million of the principal amount outstanding under the 2020 Senior Notes. Crestwood Midstream funded the repayments with a combination of net proceeds from the issuance of the 2025 Senior Notes described below and borrowings under the CMLP credit facility. In conjunction with these note repayments, Crestwood Midstream (i) recognized a loss on extinguishment of debt of approximately $37.3 million (including the write off of approximately $6.8 million of deferred financing costs associated with the 2022 Senior Notes); and (ii) paid $4.8 million and $1.0 million of accrued interest on the 2020 Senior Notes and 2022 Senior Notes, respectively, on the date they were tendered.

In March 2017, Crestwood Midstream delivered the irrevocable notice necessary to redeem the remaining $13.8 million of principal outstanding under the 2020 Senior Notes. In April 2017, Crestwood Midstream paid approximately $14.2 million to redeem the remaining 2020 Senior Notes and recognized a loss on extinguishment of debt associated with the 2020 Senior Notes of approximately $0.3 million. Crestwood Midstream funded the repayment with borrowings under its credit facility.

2025 Senior Notes. In March 2017, Crestwood Midstream issued $500 million of 5.75% unsecured senior notes due 2025 (the 2025 Senior Notes). The 2025 Senior Notes will mature on April 1, 2025, and interest is payable semiannually in arrears on April 1 and October 1 of each year, beginning October 1, 2017. The net proceeds from this offering of approximately $492.0 million were used to repay amounts outstanding under the 2020 Senior Notes and the 2022 Senior Notes.

At March 31, 2017, Crestwood Midstream was in compliance with all of its debt covenants applicable to the CMLP credit facility and its senior notes.

Note 8 - Earnings Per Limited Partner Unit

Our net income (loss) attributable to Crestwood Equity Partners is allocated to the subordinated and limited partner unitholders based on their ownership percentage after giving effect to net income attributable to the Class A preferred units. We calculate basic net income per limited partner unit using the two-class method. Diluted net income per limited partner unit is computed using the treasury stock method, which considers the impact to net income attributable to Crestwood Equity Partners and limited partner units from the potential issuance of limited partner units.

We exclude potentially dilutive securities from the determination of diluted earnings per unit (as well as their related income statement impacts) when their impact on net income attributable to Crestwood Equity Partners per limited partner unit is anti-dilutive. During the three months ended March 31, 2017, we excluded a weighted-average of 6,807,223 common units (representing preferred units), a weighted-average of 7,117,610 common units (representing Crestwood Niobrara's preferred units), and a weighted-average of 438,789 common units (representing subordinated units). During the three months ended March 31, 2016, we excluded a weighted-average of 6,212,256 common units (representing preferred units), and a weighted-average of 19,262,780 common units (representing Crestwood Niobrara's preferred units) and a weighted-average of 438,789 common units (representing subordinated units). See Note 9 for additional information regarding the potential conversion of our preferred units and Crestwood Niobrara's preferred units to common units.

Note 9 – Partners' Capital

Preferred Units

Subject to certain conditions, the holders of the Preferred Units have the right to convert their Preferred Units into (i) common units on a 1-for-10 basis after June 17, 2017, or (ii) a number of common units determined pursuant to a conversion ratio set forth in Crestwood Equity's partnership agreement upon the occurrence of certain events, such as a change in control. The Preferred Units have voting rights that are identical to the voting rights of the common units and will vote with the common units as a single class, with each Preferred Unit entitled to one vote for each common unit into which such Preferred Unit is convertible, except that the Preferred Units are entitled to vote as a separate class on any matter on which all unitholders are entitled to vote that adversely affects the rights, powers, privileges or preferences of the Preferred Units in relation to Crestwood Equity's other securities outstanding.

Distributions

Crestwood Equity

Limited Partners. A summary of CEQP's limited partner quarterly cash distributions for the three months ended March 31, 2017 and 2016 is presented below:

Record Date	Payment Date	Per Unit Rate	Cash Distributions (*in millions*)
2017			
February 7, 2017	February 14, 2017	$ 0.60	$ 41.8
2016			
February 5, 2016	February 12, 2016	$ 1.375	$ 95.6

On April 20, 2017, we declared a distribution of $0.60 per limited partner unit to be paid on May 15, 2017, to unitholders of record on May 8, 2017 with respect to the first quarter of 2017.

*Preferred Unit Holders***.** We are required to make quarterly distributions to our preferred unitholders. During the three months ended March 31, 2017 and 2016, we issued 1,538,811 and 1,404,317 Preferred Units to our preferred unitholders in lieu of paying cash distributions of $14.0 million and $12.8 million, respectively. On April 20, 2017, the board of directors of our general partner authorized the issuance of 1,574,404 Preferred Units to our preferred unit holders for the quarter ended March 31, 2017 in lieu of paying a cash distribution of $14.4 million.

Crestwood Midstream

During the three months ended March 31, 2017 and 2016, Crestwood Midstream paid cash distributions of $43.1 million and $97.2 million to Crestwood Equity.

Non-Controlling Partners

Crestwood Niobrara issued a preferred interest to a subsidiary of General Electric Capital Corporation and GE Structured Finance, Inc. (collectively, GE) in conjunction with the acquisition of its investment in Jackalope, which is reflected as non-controlling interest in our consolidated financial statements. During the three months ended March 31, 2017 and 2016, net income attributable to non-controlling partners was approximately $6.1 million and $5.9 million. During both the three months ended March 31, 2017 and 2016, Crestwood Niobrara paid cash distributions of $3.8 million to GE. In April 2017, Crestwood Niobrara paid a cash distribution of $3.8 million to GE for the quarter ended March 31, 2017.

Note 10 – Commitments and Contingencies

Legal Proceedings

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

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

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

General. We are periodically involved in litigation proceedings. If we determine that a negative outcome is probable and the amount of loss is reasonably estimable, then we accrue the estimated amount. The results of litigation proceedings cannot be predicted with certainty. We could incur judgments, enter into settlements or revise our expectations regarding the outcome of

certain matters, and such developments could have a material adverse effect on our results of operations or cash flows in the period in which the amounts are paid and/or accrued. As of March 31, 2017 and December 31, 2016, both CEQP and CMLP had less than $0.1 million accrued for outstanding legal matters. Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures for which we can estimate will exceed current accruals by an amount that would have a material adverse impact on our consolidated financial statements. As we learn new facts concerning contingencies, we reassess our position both with respect to accrued liabilities and other potential exposures.

Any loss estimates are inherently subjective, based on currently available information, and are subject to management's judgment and various assumptions. Due to the inherently subjective nature of these estimates and the uncertainty and unpredictability surrounding the outcome of legal proceedings, actual results may differ materially from any amounts that have been accrued.

Regulatory Compliance

In the ordinary course of our business, we are subject to various laws and regulations. In the opinion of our management, compliance with current laws and regulations will not have a material effect on our results of operations, cash flows or financial condition.

Environmental Compliance

Our operations are subject to stringent and complex laws and regulations pertaining to worker health, safety, and the environment. We are subject to laws and regulations at the federal, state, regional and local levels that relate to air and water quality, hazardous and solid waste management and disposal and other environmental matters. The cost of planning, designing, constructing and operating our facilities must incorporate compliance with environmental laws and regulations and safety standards. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and potentially criminal enforcement measures.

During 2014, we experienced three releases totaling approximately 28,000 barrels of produced water on our Arrow water gathering system located on the Fort Berthold Indian Reservation in North Dakota. We immediately notified the National Response Center, the Three Affiliated Tribes and numerous other regulatory authorities, and thereafter contained and cleaned up the releases completely and placed the impacted segments of these water lines back into service. In May 2015, we experienced a release of approximately 5,200 barrels of produced water on our Arrow water gathering system, immediately notified numerous regulatory authorities and other third parties, and thereafter contained and cleaned up the releases.

In October 2014, we received data requests from the Environmental Protection Agency (EPA) related to the 2014 water releases and we responded to the requests during the first half of 2015. In April 2015, the EPA issued a Notice of Potential Violation (NOPV) under the Clean Water Act relating to the largest of the 2014 water releases. We responded to the NOPV in May 2015, and in April 2017, we entered into an Administrative Order on Consent (the Order) with the EPA. The Order requires us to continue to remediate and monitor the impacted area for no less than four years unless all goals of the Order are satisfied earlier. The Order does not preclude the EPA from seeking to impose fines and penalties as a result of the water releases.

On March 3, 2015, we received a grand jury subpoena from the United States Attorney’s Office in Bismarck, North Dakota, seeking documents and information relating to the largest of the three 2014 water releases. We provided the requested information during the second quarter of 2015 and provided key employees to be interviewed by the United States’ Attorney in December 2015. We have not received any further requests for additional information or interviews and it is unclear whether the government will continue to pursue this matter. In August 2015, we received a notice of violation from the Three Affiliated Tribes' Environmental Division related to our 2014 produced water releases on the Fort Berthold Indian Reservation. The notice of violation imposes fines and requests reimbursements exceeding $1.1 million; however, the notice of violation was stayed on September 15, 2015, upon our posting of a performance bond for the amount contemplated by the notice and pending the outcome of ongoing settlement discussions with the regulatory agencies asserting jurisdiction over the 2014 produced water releases.

We will continue our remediation efforts to ensure the impacted lands are restored to their prior state. We believe these releases are insurable events under our policies, and we have notified our carriers of these events. We have not recorded an insurance receivable as of March 31, 2017.

At March 31, 2017 and December 31, 2016, our accrual of approximately $2.1 million is based on our undiscounted estimate of amounts we will spend on compliance with environmental and other regulations, and any associated fines or penalties. We estimate that our potential liability for reasonably possible outcomes related to our environmental exposures (including the Arrow water releases described above) could range from approximately $2.1 million to $3.6 million at March 31, 2017.

Self-Insurance

We utilize third-party insurance subject to varying retention levels of self-insurance, which management considers prudent. Such self-insurance relates to losses and liabilities primarily associated with medical claims, workers' compensation claims and general, product, vehicle and environmental liability. At March 31, 2017 and December 31, 2016, CEQP's self-insurance reserves were $17.0 million and $15.6 million. We estimate that $10.6 million of this balance will be paid subsequent to March 31, 2018. As such, CEQP has classified $10.6 million in other long-term liabilities on its consolidated balance sheet at March 31, 2017. At March 31, 2017 and December 31, 2016, CMLP's self insurance reserves were $13.7 million and $12.2 million. CMLP estimates that $8.0 million of this balance will be paid subsequent to March 31, 2018. As such, CMLP has classified $8.0 million in other long-term liabilities on its consolidated balance sheet at March 31, 2017.

Guarantees and Indemnifications. We are involved in various joint ventures that sometimes require financial and performance guarantees. In a financial guarantee, we are obligated to make payments if the guaranteed party fails to make payments under, or violates the terms of, the financial arrangement. In a performance guarantee, we provide assurance that the guaranteed party will execute on the terms of the contract. If they do not, we are required to perform on their behalf. We also periodically provide indemnification arrangements related to assets or businesses we have sold. For a further description of our guarantees associated with our joint ventures, see Note 4, and for a further description of our guarantees associated with our assets or businesses we have sold, see our 2016 Annual Report on Form 10-K.

Our potential exposure under guarantee and indemnification arrangements can range from a specified amount to an unlimited dollar amount, depending on the nature of the claim, specificity as to duration, and the particular transaction. As of March 31, 2017 and December 31, 2016, we have no amounts accrued for these guarantees.

Note 11 – Related Party Transactions

Crestwood Holdings indirectly owns both CEQP's and CMLP's general partner. The affiliates of Crestwood Holdings and its owners are considered CEQP's and CMLP's related parties, including Sabine Oil and Gas LLC (Sabine) and Mountaineer Keystone LLC.

CEQP and CMLP enter into transactions with their affiliates within the ordinary course of business, including gas gathering and processing services under long-term contracts, product purchases and various operating agreements.

The following table shows transactions with our affiliates which are reflected in our consolidated statements of operations for the three months ended March 31, 2017 and 2016 (*in millions*):

	Three Months Ended March 31,	
	2017	**2016**
Gathering and processing revenues at CEQP and CMLP	$ 0.5	$ 0.7
Gathering and processing costs of product/services sold at CEQP and CMLP[1]	$ 4.1	$ 4.3
Operations and maintenance expenses at CEQP and CMLP[2]	$ 4.7	$ 0.7
General and administrative expenses charged by CEQP to CMLP, net[3]	$ 5.5	$ 3.7
General and administrative expenses at CEQP charged to (from) Crestwood Holdings, net[4]	$ (0.8)	$ 0.1

(1) Represents natural gas purchases from Sabine.
(2) Includes $2.6 million, $0.9 million and $1.2 million of operations and maintenance expenses charged to Stagecoach Gas, Tres Palacios and Crestwood Permian, respectively, in accordance with their respective operating agreements with us for the three months ended March 31, 2017. During the three months ended March 31, 2016, we charged Tres Palacios $0.7 million of operations and maintenance expenses in accordance with its operating agreement with us.
(3) Includes $6.3 million and $4.5 million of net unit-based compensation charges allocated from CEQP to CMLP for the three months ended March 31, 2017 and 2016. In addition, CMLP shares common management, general and administrative and overhead costs with CEQP. During both the three months ended March 31, 2017 and 2016, CMLP allocated $0.8 million of general and administrative costs to CEQP.
(4) Includes $1.0 million and less than $0.1 million unit-based compensation charges allocated from Crestwood Holdings to CEQP and CMLP during the three months ended March 31, 2017 and 2016 .

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

	March 31, 2017	**December 31, 2016**
Accounts receivable at CEQP and CMLP	$ 7.8	$ 5.6
Accounts payable at CEQP	$ 2.5	$ 2.5

Note 12 – Segments

Financial Information

We have three operating and reportable segments: (i) gathering and processing operations; (ii) storage and transportation operations; and (iii) marketing, supply and logistics operations. Our corporate operations include all general and administrative expenses that are not allocated to our reportable segments. We assess the performance of our operating segments based on EBITDA, which is defined as income before income taxes, plus debt-related costs (net interest and debt expense and loss on modification/extinguishment of debt) and depreciation, amortization and accretion expense.

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

	Three Months Ended March 31,	
	2017	**2016**
Net loss	$ (19.4)	$ (93.7)
Add:		
Interest and debt expense, net	26.5	36.1
Loss on modification/extinguishment of debt	37.3	—
Benefit for income taxes	(0.1)	—
Depreciation, amortization and accretion	48.4	62.3
EBITDA	$ 92.7	$ 4.7

The following tables summarize CEQP's reportable segment data for the three months ended March 31, 2017 and 2016 (*in millions*). Intersegment revenues included in the following tables are accounted for as arms-length transactions that apply our revenue recognition policies described in our 2016 Annual Report on Form 10-K. Included in earnings from unconsolidated affiliates, net below was approximately $7.5 million and $2.6 million of depreciation and amortization expense and gains (losses) on long-lived assets, net related to our equity investments for the three months ended March 31, 2017 and 2016.

	Three Months Ended March 31, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 368.6	$ 10.0	$ 449.5	$ —	$ 828.1
Intersegment revenues	30.3	1.8	(32.1)	—	—
Costs of product/services sold	316.6	—	366.9	—	683.5
Operations and maintenance expense	17.4	1.1	15.2	—	33.7
General and administrative expense	—	—	—	26.4	26.4
Earnings from unconsolidated affiliates, net	1.6	6.5	—	—	8.1
Other income, net	—	—	—	0.1	0.1
EBITDA	$ 66.5	$ 17.2	$ 35.3	$ (26.3)	$ 92.7
Goodwill	$ 45.9	$ —	$ 153.1	$ —	$ 199.0
Total assets	$ 2,363.8	$ 1,080.7	$ 906.1	$ 24.2	$ 4,374.8

	Three Months Ended March 31, 2016				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 238.9	$ 59.4	$ 237.7	$ —	$ 536.0
Intersegment revenues	20.5	0.4	(20.9)	—	—
Costs of product/services sold	179.8	2.9	180.7	—	363.4
Operations and maintenance expense	17.8	7.2	16.8	—	41.8
General and administrative expense	—	—	—	23.0	23.0
Goodwill impairment	(8.6)	(13.7)	(87.4)	—	(109.7)
Earnings from unconsolidated affiliates, net	5.1	1.4	—	—	6.5
Other income, net	—	—	—	0.1	0.1
EBITDA	$ 58.3	$ 37.4	$ (68.1)	$ (22.9)	$ 4.7

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

	Three Months Ended March 31,	
	2017	2016
Net loss	$ (21.4)	$ (95.3)
Add:		
Interest and debt expense, net	26.5	36.1
Loss on modification/extinguishment of debt	37.3	—
Benefit for income taxes	(0.1)	(0.2)
Depreciation, amortization and accretion	51.2	64.9
EBITDA	$ 93.5	$ 5.5

The following tables summarize CMLP's reportable segment data for the three months ended March 31, 2017 and 2016 (*in millions*). Intersegment revenues included in the following tables are accounted for as arms-length transactions that apply our revenue recognition policies described in our 2016 Annual Report on Form 10-K. Included in earnings from unconsolidated affiliates, net below was approximately $7.5 million and $2.6 million of depreciation and amortization expense and gains (losses) on long-lived assets, net related to our equity investments for the three months ended March 31, 2017 and 2016.

	Three Months Ended March 31, 2017				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 368.6	$ 10.0	$ 449.5	$ —	$ 828.1
Intersegment revenues	30.3	1.8	(32.1)	—	—
Costs of product/services sold	316.6	—	366.9	—	683.5
Operations and maintenance expense	17.4	1.1	15.2	—	33.7
General and administrative expense	—	—	—	25.5	25.5
Earnings from unconsolidated affiliates, net	1.6	6.5	—	—	8.1
EBITDA	$ 66.5	$ 17.2	$ 35.3	$ (25.5)	$ 93.5
Goodwill	$ 45.9	$ —	$ 153.1	$ —	$ 199.0
Total assets	$ 2,562.4	$ 1,080.7	$ 906.1	$ 14.9	$ 4,564.1

	Three Months Ended March 31, 2016				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 238.9	$ 59.4	$ 237.7	$ —	$ 536.0
Intersegment revenues	20.5	0.4	(20.9)	—	—
Costs of product/services sold	179.8	2.9	180.7	—	363.4
Operations and maintenance expense	17.8	7.1	16.8	—	41.7
General and administrative expense	—	—	—	22.2	22.2
Goodwill impairment	(8.6)	(13.7)	(87.4)	—	(109.7)
Earnings from unconsolidated affiliates, net	5.1	1.4	—	—	6.5
EBITDA	$ 58.3	$ 37.5	$ (68.1)	$ (22.2)	$ 5.5

Note 13 – Condensed Consolidating Financial Information

Crestwood Midstream is a holding company (Parent) and owns no operating assets and has no significant operations independent of its subsidiaries. Obligations under Crestwood Midstream's senior notes and its credit facility are jointly and severally guaranteed by substantially all of its subsidiaries, except for Crestwood Infrastructure Holdings LLC, Crestwood Niobrara, Crestwood Pipeline and Storage Northeast LLC (Crestwood Northeast), PRBIC and Tres Holdings and their respective subsidiaries (collectively, Non-Guarantor Subsidiaries). Crestwood Midstream Finance Corp., the co-issuer of its senior notes, is Crestwood Midstream's 100% owned subsidiary and has no material assets, operations, revenues or cash flows other than those related to its service as co-issuer of the Crestwood Midstream senior notes.

The tables below present condensed consolidating financial statements for Crestwood Midstream as Parent on a stand-alone, unconsolidated basis, and Crestwood Midstream's combined guarantor and combined non-guarantor subsidiaries as of March 31, 2017 and December 31, 2016, and for the three months ended March 31, 2017 and 2016. The financial information may not necessarily be indicative of the results of operations, cash flows or financial position had the subsidiaries operated as independent entities.

The condensed consolidating financial statements for the three months ended March 31, 2016 include reclassifications that were made to conform to the current year presentation, none of which impacted previously reported net income (loss) or partners' capital. In particular, the condensed consolidating statement of operations was modified to consider the impact of net

income (loss) attributable to non-controlling partners in subsidiaries in arriving at equity in net income (loss) of subsidiaries in the parent and eliminations columns of those statements.

Crestwood Midstream Partners LP
Condensed Consolidating Balance Sheet
March 31, 2017
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash	$ 0.6	$ —	$ —	$ —	$ 0.6
Accounts receivable	—	264.8	3.0	—	267.8
Inventory	—	58.8	—	—	58.8
Other current assets	—	12.4	—	—	12.4
Total current assets	0.6	336.0	3.0	—	339.6
Property, plant and equipment, net	—	2,278.0	—	—	2,278.0
Goodwill and intangible assets, net	—	839.1	—	—	839.1
Investment in consolidated affiliates	4,072.8	—	—	(4,072.8)	—
Investment in unconsolidated affiliates	—	—	1,105.3	—	1,105.3
Other assets	—	2.1	—	—	2.1
Total assets	$ 4,073.4	$ 3,455.2	$ 1,108.3	$ (4,072.8)	$ 4,564.1
Liabilities and partners' capital					
Current liabilities:					
Accounts payable	$ —	$ 191.0	$ —	$ —	$ 191.0
Other current liabilities	40.2	59.2	—	—	99.4
Total current liabilities	40.2	250.2	—	—	290.4
Long-term liabilities:					
Long-term debt, less current portion	1,549.2	1.1	—	—	1,550.3
Other long-term liabilities	—	43.9	—	—	43.9
Deferred income taxes	—	0.7	—	—	0.7
Partners' capital	2,484.0	3,159.3	913.5	(4,072.8)	2,484.0
Interest of non-controlling partners in subsidiaries	—	—	194.8	—	194.8
Total partners' capital	2,484.0	3,159.3	1,108.3	(4,072.8)	2,678.8
Total liabilities and partners' capital	$ 4,073.4	$ 3,455.2	$ 1,108.3	$ (4,072.8)	$ 4,564.1

Crestwood Midstream Partners LP

Condensed Consolidating Balance Sheet

December 31, 2016

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash	$ 1.3	$ —	$ —	$ —	$ 1.3
Accounts receivable	—	289.3	0.5	—	289.8
Inventory	—	66.0	—	—	66.0
Other current assets	—	16.0	—	—	16.0
Total current assets	1.3	371.3	0.5	—	373.1
Property, plant and equipment, net	—	2,298.4	—	—	2,298.4
Goodwill and intangible assets, net	—	851.9	—	—	851.9
Investment in consolidated affiliates	4,093.7	—	—	(4,093.7)	—
Investment in unconsolidated affiliates	—	—	1,115.4	—	1,115.4
Other assets	—	1.8	—	—	1.8
Total assets	$ 4,095.0	$ 3,523.4	$ 1,115.9	$ (4,093.7)	$ 4,640.6
Liabilities and partners' capital					
Current liabilities:					
Accounts payable	$ —	$ 214.5	$ —	$ —	$ 214.5
Other current liabilities	23.1	94.4	—	—	117.5
Total current liabilities	23.1	308.9	—	—	332.0
Long-term liabilities:					
Long-term debt, less current portion	1,521.2	1.5	—	—	1,522.7
Other long-term liabilities	—	42.0	—	—	42.0
Deferred income taxes	—	0.7	—	—	0.7
Partners' capital	2,550.7	3,170.3	923.4	(4,093.7)	2,550.7
Interest of non-controlling partners in subsidiaries	—	—	192.5	—	192.5
Total partners' capital	2,550.7	3,170.3	1,115.9	(4,093.7)	2,743.2
Total liabilities and partners' capital	$ 4,095.0	$ 3,523.4	$ 1,115.9	$ (4,093.7)	$ 4,640.6

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Three Months Ended March 31, 2017
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 828.1	$ —	$ —	$ 828.1
Costs of product/services sold	—	683.5	—	—	683.5
Expenses:					
Operations and maintenance	—	33.7	—	—	33.7
General and administrative	18.3	7.2	—	—	25.5
Depreciation, amortization and accretion	—	51.2	—	—	51.2
	18.3	92.1	—	—	110.4
Operating income (loss)	(18.3)	52.5	—	—	34.2
Earnings from unconsolidated affiliates, net	—	—	8.1	—	8.1
Interest and debt expense, net	(26.5)	—	—	—	(26.5)
Loss on modification/extinguishment of debt	(37.3)	—	—	—	(37.3)
Equity in net income (loss) of subsidiary	54.6	—	—	(54.6)	—
Income (loss) before income taxes	(27.5)	52.5	8.1	(54.6)	(21.5)
Benefit for income taxes	—	0.1	—	—	0.1
Net income (loss)	(27.5)	52.6	8.1	(54.6)	(21.4)
Net income attributable to non-controlling partners in subsidiaries	—	—	6.1	—	6.1
Net income (loss) attributable to Crestwood Midstream Partners LP	$ (27.5)	$ 52.6	$ 2.0	$ (54.6)	$ (27.5)

Crestwood Midstream Partners LP

Condensed Consolidating Statement of Operations

Three Months Ended March 31, 2016

(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 536.0	$ —	$ —	$ 536.0
Costs of product/services sold	—	363.4	—	—	363.4
Expenses:					
Operations and maintenance	—	41.7	—	—	41.7
General and administrative	17.7	4.5	—	—	22.2
Depreciation, amortization and accretion	—	64.9	—	—	64.9
	17.7	111.1	—	—	128.8
Other operating expense:					
Goodwill Impairment	—	(109.7)	—	—	(109.7)
Operating loss	(17.7)	(48.2)	—	—	(65.9)
Earnings from unconsolidated affiliates, net	—	—	6.5	—	6.5
Interest and debt expense, net	(36.1)	—	—	—	(36.1)
Equity in net income (loss) of subsidiary	(47.4)	—	—	47.4	—
Income (loss) before income taxes	(101.2)	(48.2)	6.5	47.4	(95.5)
Benefit for income taxes	—	0.2	—	—	0.2
Net income (loss)	(101.2)	(48.0)	6.5	47.4	(95.3)
Net income attributable to non-controlling partners in subsidiaries	—	—	5.9	—	5.9
Net income (loss) attributable to Crestwood Midstream Partners LP	$ (101.2)	$ (48.0)	$ 0.6	$ 47.4	$ (101.2)

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2017
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:	$ (39.7)	$ 94.4	$ 5.3	$ —	$ 60.0
Cash flows from investing activities:					
Purchases of property, plant and equipment	(0.1)	(22.6)	—	—	(22.7)
Investment in unconsolidated affiliates	—	—	(0.1)	—	(0.1)
Capital distributions from unconsolidated affiliates	—	—	10.5	—	10.5
Capital distributions from consolidated affiliates	11.9	—	—	(11.9)	—
Net cash provided by (used in) investing activities	11.8	(22.6)	10.4	(11.9)	(12.3)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	1,154.5	—	—	—	1,154.5
Payments on long-term debt	(1,143.3)	(0.4)	—	—	(1,143.7)
Payments on capital leases	—	(0.4)	—	—	(0.4)
Payments for debt-related deferred costs	(8.5)	—	—	—	(8.5)
Distributions paid	(43.1)	—	(3.8)	—	(46.9)
Distributions to parent	—	—	(11.9)	11.9	—
Taxes paid for unit-based compensation vesting	—	(3.4)	—	—	(3.4)
Change in intercompany balances	67.6	(67.6)	—	—	—
Net cash provided by (used in) financing activities	27.2	(71.8)	(15.7)	11.9	(48.4)
Net change in cash	(0.7)	—	—	—	(0.7)
Cash at beginning of period	1.3	—	—	—	1.3
Cash at end of period	$ 0.6	$ —	$ —	$ —	$ 0.6

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2016
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:	$ (42.7)	$ 172.8	$ 5.6	$ —	$ 135.7
Cash flows from investing activities:					
Purchases of property, plant and equipment	(0.9)	(54.7)	—	—	(55.6)
Investment in unconsolidated affiliates	—	—	(5.5)	—	(5.5)
Proceeds from the sale of assets	—	0.8	—	—	0.8
Capital contributions to consolidated affiliates	(3.7)	—	—	3.7	—
Net cash provided by (used in) investing activities	(4.6)	(53.9)	(5.5)	3.7	(60.3)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	313.5	—	—	—	313.5
Principal payments on long-term debt	(286.0)	—	—	—	(286.0)
Payments on capital leases	—	(0.5)	—	—	(0.5)
Payments for debt-related deferred costs	(0.1)	—	—	—	(0.1)
Distributions paid	(97.2)	—	(3.8)	—	(101.0)
Contributions from parent	—	—	3.7	(3.7)	—
Taxes paid for unit-based compensation vesting	—	(0.6)	—	—	(0.6)
Change in intercompany balances	117.8	(117.8)	—	—	—
Net cash provided by (used in) financing activities	48.0	(118.9)	(0.1)	(3.7)	(74.7)
Net change in cash	0.7	—	—	—	0.7
Cash at beginning of period	0.1	—	—	—	0.1
Cash at end of period	$ 0.8	$ —	$ —	$ —	$ 0.8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and the accompanying footnotes and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2016 Annual Report on Form 10-K.

This report, including information included or incorporated by reference herein, contains forward-looking statements concerning the financial condition, results of operations, plans, objectives, future performance and business of our company and its subsidiaries. These forward-looking statements include:

- statements that are not historical in nature, including, but not limited to: (i) our belief that anticipated cash from operations, cash distributions from entities that we control, and borrowing capacity under our credit facility will be sufficient to meet our anticipated liquidity needs for the foreseeable future; (ii) our belief that we do not have material potential liability in connection with legal proceedings that would have a significant financial impact on our consolidated financial condition, results of operations or cash flows; and (iii) our belief that our assets will continue to benefit from the development of unconventional shale plays as significant supply basins; and

- statements preceded by, followed by or that contain forward-looking terminology including the words "believe," "expect," "may," "will," "should," "could," "anticipate," "estimate," "intend" or the negation thereof, or similar expressions.

Forward-looking statements are not guarantees of future performance or results. They involve risks, uncertainties and assumptions. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- our ability to successfully implement our business plan for our assets and operations;
- governmental legislation and regulations;
- industry factors that influence the supply of and demand for crude oil, natural gas and NGLs;
- industry factors that influence the demand for services in the markets (particularly unconventional shale plays) in which we provide services;
- weather conditions;
- the availability of crude oil, natural gas and NGLs, and the price of those commodities, to consumers relative to the price of alternative and competing fuels;
- economic conditions;
- costs or difficulties related to the integration of our existing businesses and acquisitions;
- environmental claims;
- operating hazards and other risks incidental to the provision of midstream services, including gathering, compressing, treating, processing, fractionating, transporting and storing energy products (i.e., crude oil, NGLs and natural gas) and related products (i.e., produced water);
- interest rates;
- the price and availability of debt and equity financing; and
- the ability to sell or monetize assets in the current market, to reduce indebtedness or for other general partnership purposes.

For additional factors that could cause actual results to be materially different from those described in the forward-looking statements, see Part I, Item IA. Risk Factors of our 2016 Annual Report on Form 10-K.

Outlook and Trends

Our business objective is to create long-term value for our unitholders. We expect to create long-term value by consistently generating stable operating margin and improved cash flows from operations by prudently financing our investments, maximizing throughput on our assets, and effectively controlling our operating and administrative costs. Our business strategy depends, in part, on our ability to provide increased services to our customers at competitive fees, including opportunities to expand our services resulting from expansions, organic growth projects and acquisitions that can be financed appropriately.

We have positioned the Company to generate consistent results in a low commodity price environment without sacrificing revenue upside. For example, many of our G&P assets are supported by long-term, core acreage dedications in shale plays that are economic to varying degrees based upon natural gas, NGL and crude oil prices, the availability of infrastructure to flow production to market, and the operational and financial condition of our diverse customer base. We believe the diversity of our

asset portfolio, the risk and cost sharing nature of our strategic joint ventures, the wide range of services provided by our investments, and our extensive customer portfolio collectively position us to be successful in the current market, which has been impacted by prolonged low commodity prices. In addition, a substantial portion of our midstream investments are based on fixed fee, take-or-pay or minimum volume commitment agreements that ensure a minimum level of cash flow regardless of actual commodity prices or volumetric throughput.

During 2017 and beyond, we will continue to execute on our plan to better position the Company to emerge from this challenging market environment as a stronger, better capitalized company that can sustainably resume growing its distributions. We will remain focused on efficiently allocating capital expenditures, eliminating costs (through increased operating efficiencies and cost discipline) and strengthening our balance sheet. We expect to focus on expansion and greenfield opportunities in the Delaware Permian and the Bakken shale further described in "Segment Highlights" below.

Regulatory Matters

Many aspects of the energy midstream sector, such as crude-by-rail activities and pipeline integrity, have experienced increased regulatory oversight over the past few years. Prior to the 2016 election, we expected the trend of greater regulatory oversight to continue for the foreseeable future, However, the election results and anticipated changes in policy could lessen the degree of regulatory scrutiny we face in the near term.

Segment Highlights

Below is a discussion of events that highlight our core business and financing activities.

Gathering and Processing

Bakken. In the Bakken, we are expanding and upgrading our water handling facilities, increasing natural gas capacity on the system, completing an interconnect with Dakota Access Pipeline, and developing a 30 million cubic feet per day (MMcf/d) natural gas processing facility and associated pipeline that we expect to place into service in the fourth quarter of 2017. We believe the installation of a gas processing solution on the Arrow system will, among other things, spur greater development activity around the Arrow system, allow us to provide greater flow assurance to our producer customers, and reduce the gas volumes being flared by producers on the Fort Berthold Indian Reservation. The anticipated cost of this natural gas processing facility and associated pipeline is approximately $115 million. In conjunction with this project, we are negotiating various amendments and extensions with several of our producer customers, and the impact of these contract negotiations is not expected to have a material impact to our 2017 results of operations.

Delaware Permian. In the Delaware Permian, we have identified gathering and processing and transportation opportunities in and around our existing assets. We are evaluating an expansion of our processing capacity in the region and expansion of our interconnection capacity to accommodate greater takeaway options for residue gas and NGLs. We are also developing a crude oil and condensate storage terminal near the Nautilus gathering system that would offer condensate stabilization, truck loading/unloading options and connections to third party pipelines. We continue to believe that we are positioned well to benefit from the continued build-out of this world-class resource.

In September 2016, we entered into a long-term agreement with SWEPI to construct, own and operate a natural gas gathering system in SWEPI's operated position in the Delaware Permian. SWEPI will provide us with a dedication of approximately 100,000 acres and gathering rights for SWEPI gas production across a large acreage position in Loving, Reeves, Ward and Culberson Counties, Texas. The initial gathering system is designed for gas production of approximately 250 MMcf/d and will include 194 miles of low pressure gathering lines, 36 miles of high pressure trunklines, and centralized compression facilities which are expandable over time as production increases. We will provide gathering, dehydration, compression and liquids handling services on a fixed fee basis. Additionally, Shell has the option to purchase up to a 50% equity interest in the system prior to September 1, 2017. We estimate the complete build-out of the gas gathering system will cost approximately $180 million, of which approximately $90 million is anticipated to be spent in 2017. We commenced construction last year, and we expect to place the system into service on or before July 1, 2017.

During the first quarter of 2017, we terminated an agreement with a large producer to develop a three-stream gathering system in Reeves County, Texas. We continue to work with this producer and other producers in the area for the potential development of future expansion projects.

Through the execution of the strategic efforts described above, we expect to increase the stability and strength of the Company through a continued challenging and competitive market environment, which will position us to achieve our chief business objective to create long-term value for our unitholders.

Critical Accounting Estimates

Our critical accounting estimates are consistent with those described in our 2016 Annual Report on Form 10-K.

How We Evaluate Our Operations

We evaluate our overall business performance based primarily on EBITDA and Adjusted EBITDA. We do not utilize depreciation, depletion and amortization expense in our key measures because we focus our performance management on cash flow generation and our assets have long useful lives.

EBITDA and Adjusted EBITDA - We believe that EBITDA and Adjusted EBITDA are widely accepted financial indicators of a company's operational performance and its ability to incur and service debt, fund capital expenditures and make distributions. We believe that EBITDA and Adjusted EBITDA are useful to our investors because it allows them to use the same performance measure analyzed internally by our management to evaluate the performance of our businesses and investments without regard to the manner in which they are financed or our capital structure. EBITDA is defined as income before income taxes, plus debt-related costs (net interest and debt expense and loss on modification/extinguishment of debt) and depreciation, amortization and accretion expense. Adjusted EBITDA considers the adjusted earnings impact of our unconsolidated affiliates by adjusting our equity earnings or losses from our unconsolidated affiliates to reflect our proportionate share (based on the distribution percentage) of their EBITDA, excluding impairments. Adjusted EBITDA also considers the impact of certain significant items, such as unit-based compensation charges, losses on long-lived assets, impairments of goodwill, third party costs incurred related to potential and completed acquisitions, certain environmental remediation costs, the change in fair value of commodity inventory-related derivative contracts, and other transactions identified in a specific reporting period. The change in fair value of commodity inventory-related derivative contracts is considered in determining Adjusted EBITDA given that the timing of recognizing gains and losses on these derivative contracts differs from the recognition of revenue for the related underlying sale of inventory that these derivatives relate to. Changes in the fair value of other derivative contracts is not considered in determining Adjusted EBITDA given the relatively short-term nature of those derivative contracts. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, as they do not include deductions for items such as depreciation, amortization and accretion, interest and income taxes, which are necessary to maintain our business. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income, operating cash flow or any other measure of financial performance presented in accordance with GAAP. EBITDA and Adjusted EBITDA calculations may vary among entities, so our computation may not be comparable to measures used by other companies.

See our reconciliation of net income to EBITDA and Adjusted EBITDA in *Results of Operations* below.

Results of Operations

The following tables summarize our results of operations for the three months ended March 31, 2017 and 2016 (*in millions*):

	Crestwood Equity		Crestwood Midstream	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2017	2016	2017	2016
Revenues	$ 828.1	$ 536.0	$ 828.1	$ 536.0
Costs of product/services sold	683.5	363.4	683.5	363.4
Operations and maintenance expense	33.7	41.8	33.7	41.7
General and administrative expense	26.4	23.0	25.5	22.2
Depreciation, amortization and accretion	48.4	62.3	51.2	64.9
Goodwill impairment	—	(109.7)	—	(109.7)
Operating income (loss)	36.1	(64.2)	34.2	(65.9)
Earnings from unconsolidated affiliates, net	8.1	6.5	8.1	6.5
Interest and debt expense, net	(26.5)	(36.1)	(26.5)	(36.1)
Loss on modification/extinguishment of debt	(37.3)	—	(37.3)	—
Other income, net	0.1	0.1	—	—
Benefit for income taxes	0.1	—	0.1	0.2
Net loss	(19.4)	(93.7)	(21.4)	(95.3)
Add:				
Interest and debt expense, net	26.5	36.1	26.5	36.1
Loss on modification/extinguishment of debt	37.3	—	37.3	—
Benefit for income taxes	(0.1)	—	(0.1)	(0.2)
Depreciation, amortization and accretion	48.4	62.3	51.2	64.9
EBITDA	92.7	4.7	93.5	5.5
Unit-based compensation charges	7.3	4.5	7.3	4.5
Goodwill impairment	—	109.7	—	109.7
Earnings from unconsolidated affiliates, net	(8.1)	(6.5)	(8.1)	(6.5)
Adjusted EBITDA from unconsolidated affiliates, net	15.6	9.1	15.6	9.1
Change in fair value of commodity inventory-related derivative contracts	(18.6)	(2.7)	(18.6)	(2.7)
Significant transaction and environmental related costs and other items	2.0	1.2	2.0	1.2
Adjusted EBITDA	$ 90.9	$ 120.0	$ 91.7	$ 120.8

	Crestwood Equity		Crestwood Midstream	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2017	2016	2017	2016
Net cash provided by operating activities	$ 58.9	$ 134.3	$ 60.0	$ 135.7
Net changes in operating assets and liabilities	15.2	(50.6)	15.5	(50.7)
Amortization of debt-related deferred costs, discounts and premiums	(1.8)	(1.7)	(1.8)	(1.7)
Interest and debt expense, net	26.5	36.1	26.5	36.1
Unit-based compensation charges	(7.3)	(4.5)	(7.3)	(4.5)
Goodwill impairment	—	(109.7)	—	(109.7)
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	0.3	0.8	0.3	0.8
Deferred income taxes	0.6	0.1	—	(0.2)
Benefit for income taxes	(0.1)	—	(0.1)	(0.2)
Other non-cash (income) expense	0.4	(0.1)	0.4	(0.1)
EBITDA	92.7	4.7	93.5	5.5
Unit-based compensation charges	7.3	4.5	7.3	4.5
Goodwill impairment	—	109.7	—	109.7
Earnings from unconsolidated affiliates, net	(8.1)	(6.5)	(8.1)	(6.5)
Adjusted EBITDA from unconsolidated affiliates, net	15.6	9.1	15.6	9.1
Change in fair value of commodity inventory-related derivative contracts	(18.6)	(2.7)	(18.6)	(2.7)
Significant transaction and environmental related costs and other items	2.0	1.2	2.0	1.2
Adjusted EBITDA	$ 90.9	$ 120.0	$ 91.7	$ 120.8

Segment Results

The following tables summarize the EBITDA of our segments (*in millions*):

Crestwood Equity

	Three Months Ended March 31, 2017			Three Months Ended March 31, 2016		
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics
Revenues	$ 368.6	$ 10.0	$ 449.5	$ 238.9	$ 59.4	$ 237.7
Intersegment revenues	30.3	1.8	(32.1)	20.5	0.4	(20.9)
Costs of product/services sold	316.6	—	366.9	179.8	2.9	180.7
Operations and maintenance expense	17.4	1.1	15.2	17.8	7.2	16.8
Goodwill impairment	—	—	—	(8.6)	(13.7)	(87.4)
Earnings from unconsolidated affiliates, net	1.6	6.5	—	5.1	1.4	—
EBITDA	$ 66.5	$ 17.2	$ 35.3	$ 58.3	$ 37.4	$ (68.1)

Crestwood Midstream

	Three Months Ended March 31, 2017			Three Months Ended March 31, 2016		
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics
Revenues	$ 368.6	$ 10.0	$ 449.5	$ 238.9	$ 59.4	$ 237.7
Intersegment revenues	30.3	1.8	(32.1)	20.5	0.4	(20.9)
Costs of product/services sold	316.6	—	366.9	179.8	2.9	180.7
Operations and maintenance expense	17.4	1.1	15.2	17.8	7.1	16.8
Goodwill impairment	—	—	—	(8.6)	(13.7)	(87.4)
Earnings from unconsolidated affiliates, net	1.6	6.5	—	5.1	1.4	—
EBITDA	$ 66.5	$ 17.2	$ 35.3	$ 58.3	$ 37.5	$ (68.1)

Below is a discussion of the factors that impacted EBITDA by segment for the three months ended March 31, 2017 compared to the same period in 2016.

Gathering and Processing

EBITDA for our gathering and processing segment increased by approximately $8.2 million for the three months ended March 31, 2017 compared to the same period in 2016. The comparability of our G&P segment's EBITDA was impacted by an $8.6 million goodwill impairment recorded during the three months ended March 31, 2016 related to our Marcellus operations. For a further discussion of our goodwill impairments recorded during 2016, see Item 1. Financial Statements, Note 2. During the three months ended March 31, 2017, our G&P segment's revenues increased by approximately $139.5 million compared to the same period in 2016, partially offset by an increase in costs of product/services sold of approximately $136.8 million. These increases were primarily driven by our Arrow operations, which experienced a $132.5 million increase in revenues and a $129.8 million increase in its costs of product/services sold during the three months ended March 31, 2017 compared to the same period in 2016. The increase in Arrow's revenues and costs was primarily driven by higher average prices on Arrow's agreements under which it purchases and sells crude. In addition, we connected 26 wells on our Arrow system during the three months ended March 31, 2017 compared to 13 wells connected during the same period in 2016.

Also contributing to the increase in our G&P segment's revenues were higher product revenues from our Permian operations of approximately $7.6 million and higher costs of product/services sold of approximately $6.7 million during the three months ended March 31, 2017 compared to the same period in 2016. These increases were primarily due to the impact of a full quarter of production volumes during 2017 as a result of the expansion of our Willow Lake processing plant which was placed into service in February 2016. Our processing volumes were 33 MMcf/d during the three months ended March 31 2017 compared to 21 MMcf/d during the same period in 2016.

Partially offsetting the revenue increases from our Arrow and Permian operations were lower revenues from our Marcellus operations of approximately $4.0 million during the three months ended March 31, 2017 compared to the same period in 2016. We continue to experience a decrease in our gathering and compression volumes on our Marcellus system due to lack of drilling from our primary customer, Antero. Our gathering and compression volumes were each 0.4 Bcf/d during the three months ended March 31, 2017 compared to 0.5 Bcf/d each during the same period in 2016.

Our gathering and processing segment's operations and maintenance expenses were relatively flat during the three months ended March 31, 2017 compared to the same period in 2016.

Our G&P segment's EBITDA was also impacted by a decrease in earnings from our unconsolidated affiliates of approximately $3.5 million. The decrease was primarily driven by a reduction in revenues from our Jackalope equity investment as a result of the restructuring of its contracts with Chesapeake Energy Corporation (Chesapeake) effective January 1, 2017. Jackalope and Chesapeake replaced the cost-of-service based contract with a new 20-year fixed-fee gathering and processing contract that includes minimum revenue guarantees for a five to seven year period.

Storage and Transportation

EBITDA for our storage and transportation segment decreased by approximately $20.2 million during the three months ended March 31, 2017 compared to the same period in 2016. The decrease was primarily driven by the deconsolidation of our Northeast storage and transportation assets in June 2016 as a result of the contribution of the assets to Stagecoach Gas. The deconsolidation of the Northeast storage and transportation assets resulted in a decrease in revenues of approximately $43.3 million during the three months ended March 31, 2017 compared to the same period in 2016, partially offset by lower costs of product/services sold of approximately $2.7 million period over period. We also experienced a decrease in operations and maintenance expenses in our storage and transportation segment of approximately $6.1 million during the three months ended March 31, 2017 compared to the same period in 2016, primarily as a result of the deconsolidation of the Northeast storage and transportation assets.

The decrease in our storage and transportation segment's EBITDA was also impacted by lower revenues of approximately $4.7 million from our COLT Hub operations. The decrease was primarily due to a reduction in our rail throughput revenues resulting from lower rail loading volumes as a result of two rail loading contracts that expired in late 2016.

Our storage and transportation segment's EBITDA was impacted by a net increase in earnings from our unconsolidated affiliates. As discussed above, in June 2016, we deconsolidated our Northeast storage and transportation assets as a result of the Stagecoach Gas transaction and began accounting for our 50% equity interest in Stagecoach Gas under the equity method of

accounting. We recognized equity earnings from Stagecoach Gas of approximately $6.0 million during the three months ended March 31, 2017.

The comparability of our storage and transportation segment's EBITDA was also impacted by a $13.7 million goodwill impairment recorded during the three months ended March 31, 2016 related to our COLT Hub operations. For a further discussion of our goodwill impairments recorded during 2016, see Item 1. Financial Statements, Note 2.

Marketing, Supply and Logistics

EBITDA for our marketing, supply and logistics segment increased by approximately $103.4 million during the three months ended March 31, 2017 compared to the same period in 2016. The comparability of our marketing, supply and logistics segment's results was impacted by goodwill impairments of approximately $87.4 million recorded during the three months ended March 31, 2016 related to our supply and logistics, storage and terminals and trucking operations. For a further discussion of our goodwill impairments recorded during 2016, see Item 1. Financial Statements, Note 2.

Our supply and logistics operations experienced an increase in revenues of approximately $138.4 million and an increase in costs of product/services sold of $121.8 million during the three months ended March 31, 2017 compared to the same period in 2016. During the first three months of 2017 and 2016, our supply and logistics operations were negatively impacted by unseasonably warm weather which resulted in lower propane and transportation-related demand for these operations. These costs of product/services sold increases include a loss of $5.4 million and a gain of $1.2 million on our commodity-based derivative contracts during the three months ended March 31, 2017 and 2016.

During the three months ended March 31, 2017, our storage and terminals operations (including our West Coast operations) experienced a $28.6 million increase in revenues compared to the same period in 2016, in addition to an increase in costs of product/services sold of approximately $29.3 million. The increase in our storage and terminals operations was primarily driven by the demand for propane-related services period-over-period, and the acquisition of our wholesale propane assets in December 2016 from Turner Gas Company.

During the three months ended March 31, 2017, revenues from our crude marketing operations increased by approximately $37.0 million compared to 2016, in addition to an increase in costs of product/services sold of approximately $37.6 million. These increase were driven by higher crude marketing volumes due to increased marketing activity surrounding our crude-related operations.

Our NGL and crude trucking operations continued to experience a decline in demand for their services due to lower volumes, increased competition, excess trucking capacity in the market place and the low commodity price environment during the three months ended March 31, 2017 compared to the same period in 2016, resulting in a $5.9 million decrease in revenues and $3.5 million decrease in costs of product/services sold during the three months ended March 31, 2017 compared to the same period in 2016.

Other EBITDA Results

General and Administrative Expenses. During the three months ended March 31, 2017, our general and administrative expenses increased by approximately $3 million compared to the same period in 2016, primarily due to an increase in unit-based compensation charges based on higher average awards outstanding in 2017 compared to 2016, higher allocations of unit-based compensation costs from Crestwood Holdings, and the impact of performance units granted in February 2017 under the Crestwood Equity LTIP. For a further discussion of Crestwood Equity's 2017 Long Term Incentive Plan, see Item 1. Financial Statements, Note 2.

Items not affecting EBITDA include the following:

Depreciation, Amortization and Accretion Expense - During the three months ended March 31, 2017, our depreciation, amortization and accretion expense decreased compared to the same period in 2016, primarily due the deconsolidation of our Northeast storage and transportation assets in June 2016.

Interest and Debt Expense, Net - Interest and debt expense, net decreased by approximately $9.6 million during the three months ended March 31, 2017 compared to the same period in 2016, primarily due to repayments during June 2016, the repayment of Crestwood Midstream's 2020 Senior Notes and 2022 Senior Notes in March 2016, and lower interest costs related to the CMLP Credit Facility as a result of lower amounts outstanding during the three months ended March 31, 2017 compared to 2016. For a further discussion of these repayments, see Item 1. Financial Statements, Note 9.

The following table provides a summary of interest and debt expense (*in millions*):

	Three Months Ended March 31,	
	2017	2016
Credit facility	$ 3.0	$ 7.0
Senior notes	22.0	27.7
Other debt-related costs	1.8	1.7
Gross interest and debt expense	26.8	36.4
Less: capitalized interest	0.3	0.3
Interest and debt expense, net	$ 26.5	$ 36.1

Loss on Modification/Extinguishment of Debt. During the three months ended March 31, 2017, we recognized a loss on extinguishment of debt of approximately $37.3 million in conjunction with the tender of the remaining principal amounts of Crestwood Midstream's 2022 Senior Notes and a portion of its 2020 Senior Notes. For a further discussion of these repayments, see Item 1. Financial Statements, Note 9.

Liquidity and Sources of Capital

Crestwood Equity is a holding company that derives all of its operating cash flow from its operating subsidiaries. Our principal sources of liquidity include cash generated by operating activities from our subsidiaries, distributions from our joint ventures, borrowings under our credit facility, and sales of equity and debt securities. Our operating subsidiaries use cash from their respective operations to fund their operating activities, maintenance and growth capital expenditures, and service their outstanding indebtedness. We believe our liquidity sources and operating cash flows are sufficient to address our future operating, debt service and capital requirements.

Beginning with the quarter ending December 31, 2017, we will be required to make quarterly cash distributions to our preferred unitholders of approximately $15 million per quarter in lieu of quarterly distributions of additional preferred units. We believe that during 2017, our operating cash flows will well exceed our quarterly distributions at the current level and cash distributions to our preferred unitholders.

As of March 31, 2017, Crestwood Midstream had $644.4 million of available capacity under its credit facility considering the most restrictive debt covenants in its credit agreement. At March 31, 2017, Crestwood Midstream was in compliance with all of its debt covenants applicable to the CMLP credit facility and its senior notes.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, tender offers or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. As of March 31, 2017, Crestwood Midstream was in compliance with all of its debt covenants applicable to the Crestwood Midstream credit facility and its senior notes.

Cash Flows

The following table provides a summary of Crestwood Equity's cash flows by category (*in millions*):

	Three Months Ended March 31,	
	2017	2016
Net cash provided by operating activities	$ 58.9	$ 134.3
Net cash used in investing activities	(12.3)	(60.3)
Net cash used in financing activities	(47.2)	(73.4)

Operating Activities

Our operating cash flows decreased approximately $75.4 million for the three months ended March 31, 2017 compared to the same period in 2016, primarily due to the deconsolidation of our Northeast storage and transportation assets in June 2016 and an increase in working capital requirements of our supply and logistics operations due to the timing of the settlement of contracts related to those operations.

Investing Activities

The energy midstream business is capital intensive, requiring significant investments for the acquisition or development of new facilities. We categorize our capital expenditures as either:

- growth capital expenditures, which are made to construct additional assets, expand and upgrade existing systems, or acquire additional assets; or

- maintenance capital expenditures, which are made to replace partially or fully depreciated assets, to maintain the existing operating capacity of our assets, extend their useful lives or comply with regulatory requirements.

We anticipate our growth capital expenditures in 2017 to range from $225 million to $250 million, which considers the new expansion projects in the Bakken described in *Segment Highlights* above. We anticipate that our growth capital expenditures throughout 2017 will increase the operating efficiencies of our systems and generate meaningful contributions to our results of operations beginning in 2018. We expect to finance our growth and maintenance capital expenditures with a combination of cash generated by our operating subsidiaries, distributions received from our joint ventures and borrowings under the CMLP Credit Facility.

We have identified additional growth capital project opportunities for each of our reporting segments. Additional commitments or expenditures will be made at our discretion, and any discontinuation of the construction of these projects will likely result in less future cash flows and earnings. The following table summarizes our capital expenditures for the three months ended March 31, 2017 (*in millions*).

Growth capital	$ 13.9
Maintenance capital	2.3
Other [(1)]	6.5
Purchases of property, plant and equipment	22.7
Reimbursements of property, plant and equipment	(2.7)
Net	$ 20.0

(1) Represents gross purchases of property, plant and equipment that are reimbursable by third parties.

Financing Activities

Significant items impacting our financing activities during the three months ended March 31, 2017 and 2016, included the following:

Equity Transactions

- Decrease in distributions to partners of approximately $53.8 million primarily due to the reduction in distributions paid per limited partner unit from $1.375 per unit in 2016 compared to $0.60 in 2017; and

- Increase in taxes paid for unit-based compensation vesting of approximately $2.8 million primarily due to higher vesting of unit-based compensation awards in the first quarter of 2017 compared to the same period in 2016.

Debt Transactions

- $25 million decrease in net proceeds less repayments related to our long-term debt instruments; see Item 1. Financial Statements, Note 7 for a further discussion of debt issuances and repayments.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our interest rate risk and commodity price and market risks are discussed in our 2016 Annual Report on Form 10-K and there have been no material changes in those exposures from December 31, 2016 to March 31, 2017.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of March 31, 2017, Crestwood Equity and Crestwood Midstream carried out an evaluation under the supervision and with the participation of their respective management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, as to the effectiveness, design and operation of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended (Exchange Act) Rules 13a-15(e) and 15d-15(e)). Crestwood Equity and Crestwood Midstream maintain controls and procedures designed to provide reasonable assurance that information required to be disclosed in their respective reports that are filed or submitted under the Exchange Act of 1934, as amended, are recorded, processed, summarized and reported within the time periods specified by the rules and forms of the SEC, and that information is accumulated and communicated to their respective management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, as appropriate, to allow timely decisions regarding required disclosure. Such management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, do not expect that the disclosure controls and procedures or the internal controls will prevent and/or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Crestwood Equity's and Crestwood Midstream's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our Chief Executive Officer and Chief Financial Officer of their General Partners concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2017.

Changes in Internal Control over Financial Reporting

There were no changes to Crestwood Equity's or Crestwood Midstream's internal control over financial reporting during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect Crestwood Equity's or Crestwood Midstream's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Part I, Item 1. Financial Statements, Note 10 to the Consolidated Financial Statements, of this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

Our business faces many risks. Any of the risks discussed below or elsewhere in this Form 10-Q or our other SEC filings could have a material impact on our business, financial position or results of operations. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. For a detailed discussion of the risk factors that should be understood by any investor contemplating investment in our common units, see Part I, Item 1A. Risk Factors in our 2016 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
2.1	Contribution Agreement, dated as of April 20, 2016, by and between Crestwood Pipeline and Storage Northeast LLC and Con Edison Gas Pipeline and Storage Northeast, LLC (incorporated by reference to Exhibit 2.1 to Crestwood Equity Partners LP's Form 8-K filed on April 22, 2016)
3.1	Certificate of Limited Partnership of Inergy, L.P. (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Registration Statement on Form S-1 filed on March 14, 2001)
3.2	Certificate of Correction of Certificate of Limited Partnership of Inergy, L.P. (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Form 10-Q filed on May 12, 2003)
3.3	Amendment to the Certificate of Limited Partnership of Crestwood Equity Partners LP (the "Company") (f/k/a Inergy, L.P.) dated as of October 7, 2013 (incorporated herein by reference to Exhibit 3.2 to Crestwood Equity Partners LP's Form 8-K filed on October 10, 2013)
3.4	Certificate of Formation of Inergy GP, LLC (incorporated by reference to Exhibit 3.5 to Inergy, L.P.'s Registration Statement on Form S-1/A filed on May 7, 2001)
3.5	Certificate of Amendment of Crestwood Equity GP LLC (the "General Partner") (f/k/a Inergy GP, LLC) dated as of October 7, 2013 (incorporated by reference to Exhibit 3.3A to Crestwood Equity Partners LP's Form 10-Q filed on November 8, 2013)
3.6	First Amended and Restated Limited Liability Company Agreement of Inergy GP, LLC dated as of September 27, 2012 (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Form 8-K filed on September 27, 2012)
3.7	Amendment No. 1 to the First Amended and Restated Limited Liability Company Agreement of the General Partner dated as of October 7, 2013 (incorporated by reference to Exhibit 3.4A to Crestwood Equity Partners LP's Form 10-Q filed on November 8, 2013)
3.8	Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP dated as of April 11, 2014 (incorporated herein by reference to Exhibit 3.1 to Crestwood Equity Partners LP's Form 8-K filed on April 11, 2014)
3.9	First Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP entered into and effective as of September 30. 2015 (incorporated by reference to Exhibit 3.1 to Crestwood Equity Partner LP's Form 8-K filed on October 1, 2015)
3.10	Second Amended and Restated Agreement of Limited Partnership of Crestwood Midstream Partners LP, dated as of September 30, 2015 (incorporated by reference to Exhibit 3.1 to Crestwood Midstream Partners LP's Form 8-K filed on September 30, 2015)
3.11	Certificate of Formation of NRGM GP, LLC (incorporated herein by reference to Exhibit 3.7 to Inergy Midstream, L.P.'s Form S-1/A filed on November 21, 2011)
3.12	Amended and Restated Limited Liability Company Agreement of NRGM GP, LLC, dated December 21, 2011 (incorporated herein by reference to Exhibit 3.2 to Inergy Midstream, L.P.'s Form 8-K filed on December 22, 2011)
3.13	Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of Crestwood Midstream GP LLC (f/k/a NRGM GP, LLC) (incorporated herein by reference to Exhibit 3.39 to Crestwood Midstream Partners LP's Form S-4 filed on October 28, 2013)
4.1	Indenture, dated as of March 14, 2017, among Crestwood Midstream Partners LP, Crestwood Midstream Finance Corp., the guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Crestwood Midstream's Form 8- K filed on March 15, 2017)
4.2	Form of 5.75% Senior Note due 2025 (included in Exhibit 4.1)
4.3	Registration Rights Agreement, dated as of March 14, 2017, by and among Crestwood Midstream Partners LP, Crestwood Midstream Finance Corp., the guarantors named therein and J.P. Morgan Securities LLC, as representative of the several initial purchasers, with respect to the 5.75% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to Crestwood Midstream's Form 8- K filed on March 15, 2017)
*10.1	Form of Performance Unit Grant Agreement

10.2	Guaranty, dated as of April 20, 2016, made by Crestwood Equity Partners LP in favor of Con Edison Gas Pipeline and Storage Northeast, LLC (incorporated by reference to Exhibit 10.1 to Crestwood Equity Partners LP's Form 8-K filed on April 22, 2016)
10.3	Amendment to Amended and Restated Credit Agreement, dated as of April 20, 2016, among Crestwood Midstream Partners LP, as borrower, certain guarantors and financial institutions party thereto, and Wells Fargo Bank, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to Crestwood Equity Partners LP's Form 8-K filed on April 22, 2016)
*12.1	Computation of ratio of earnings to fixed charges - Crestwood Equity Partners LP
*12.2	Computation of ratio of earnings to fixed charges - Crestwood Midstream Partners LP
*31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Equity Partners LP
*31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Equity Partners LP
*31.3	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Midstream Partners LP
*31.4	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Midstream Partners LP
*32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Equity Partners LP
*32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Equity Partners LP
*32.3	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Midstream Partners LP
*32.4	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Midstream Partners LP
**101.INS	XBRL Instance Document
**101.SCH	XBRL Taxonomy Extension Schema Document
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

** 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.

SIGNATURE

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, thereunto duly authorized.

		CRESTWOOD EQUITY PARTNERS LP
		By: CRESTWOOD EQUITY GP LLC (its general partner)
Date:	May 4, 2017	By: /s/ ROBERT T. HALPIN **Robert T. Halpin** **Senior Vice President and Chief Financial Officer** **(Duly Authorized Officer and Principal Financial Officer)**
		CRESTWOOD MIDSTREAM PARTNERS LP
		By: CRESTWOOD MIDSTREAM GP LLC (its general partner)
Date:	May 4, 2017	By: /s/ ROBERT T. HALPIN **Robert T. Halpin** **Senior Vice President and Chief Financial Officer** **(Duly Authorized Officer and Principal Financial Officer)**

Exhibit 10.1

CRESTWOOD EQUITY PARTNERS LP
LONG-TERM INCENTIVE PLAN

PERFORMANCE UNIT GRANT AGREEMENT

THIS PERFORMANCE UNIT GRANT AGREEMENT (this "Agreement"), dated as of February 15, 2017, is made and entered into by and between Crestwood Equity GP LLC, a Delaware limited liability company (the "***General Partner***"), and ________ (the "***Service Provider***"). Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan (as defined below), unless the context requires otherwise.

RECITALS

A. Crestwood Equity Partners LP (the "***Partnership***"), acting through the Board of Directors of the General Partner (the "***Board***"), has adopted the Crestwood Equity Partners LP Long Term Incentive Plan (the "***Plan***") to, among other things, attract, retain and motivate certain employees and directors of the Partnership, the General Partner and their respective Affiliates (collectively, the "***Partnership Entities***");

B. The Plan provides for the grant of performance units, which are phantom (notional) rights that represent the right to receive one or more limited partnership units (a "Unit") of the Partnership as determined by the Committee (as defined in the Plan).

C. The Plan also permits the granting of rights to receive an amount in cash or additional Units with respect to the cash distributions made by the Partnership with respect to a Unit during the period such performance unit is outstanding ("***DERs***").

D. The Committee has decided to make a performance unit grant, with DERs, subject to the terms and conditions set forth in this Agreement and the Plan, as an inducement for the Participant to promote the best interests of the Partnership.

NOW, THEREFORE, in consideration of the Service Provider's agreement to provide or to continue providing services, the Service Provider and the General Partner agree as follows:

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Agreement and the Plan, the General Partner hereby confirms the grant to the Service Provider of _____Performance Units (the "***Performance Units***") as of the date set forth above (the "***Date of Grant***"). The Performance Units will become vested in accordance with Paragraph 3 below and will be distributed in accordance with Paragraph 4 below. Except as otherwise provided below, prior to the date the Performance Units are distributed as Units in accordance with Paragraph 4 below, the Service Provider will not be deemed to have any voting rights or cash distribution rights with respect to any Units subject to this grant. For purposes of this Agreement, each Performance Unit shall be equivalent to one Unit.

2. Performance Unit Account. The General Partner shall establish and maintain a Performance Unit account, as a bookkeeping account on its records (the "***Performance Unit Account***"), for the Service Provider and shall record in such Performance Unit Account the number of Performance Units granted to the Service Provider pursuant to this Agreement and the cash value of DERs accrued from time to time. The Service Provider shall not have any interest in any fund or specific assets of the Employer by reason of this grant or the Performance Unit Account established for, or DERs credited to, the Service Provider.

3. Vesting.

(a) Except as otherwise provided in subparagraphs (b), (c) and (d) below, the Service Provider will become vested in the Performance Units awarded pursuant to this Agreement three years after the Date of Grant (the

“***Restriction Period***”) based on the achievement of performance goals with respect to the Partnership as described on the attached Exhibit A, provided the Service Provider does not incur a termination of employment or service with the Employer prior to the end of the Restriction Period. The amount payable with respect to the Service Provider’s Performance Units shall be determined by multiplying each Performance Unit granted (including any Additional Performance Units) by a payout performance multiplier of between fifty percent and two hundred percent (50%-200%) (the “***Performance Multiplier***”), which shall be determined pursuant to and based upon actual performance compared to the performance goals described on Exhibit A.

(b) Except as otherwise provided in this Agreement, if the Service Provider terminates his or her employment or service with the Employer prior to the end of the Restriction Period, the Performance Units credited to the Service Provider’s Performance Unit Account that have not vested as of the date of termination shall terminate and the corresponding Units shall be forfeited; provided, however, that if the Service Provider terminates employment or service with the Employer on account of death or Disability (as defined in the Plan), all of the Service Provider’s unvested Performance Units shall vest and be paid immediately based on a payout performance multiplier of one hundred percent (100%).

(c) If the Service Provider terminates employment or service with the Employer as a result of a termination by the Employer without Cause (as defined in the Plan) of if a Change in Control (as defined in the Plan) occurs after the Date of Grant and while the Service Provider is employed by, or providing service to the Employer, the Performance Units will vest as follows:

(i) if there are less than twelve months left prior to the end of the Restriction Period, the Performance Units credited to the Service Provider’s Performance Unit Account that have not vested will vest at the end of the Restriction Period at a multiple of the Performance Multiplier based on the actual performance results for the Restriction Period; and

(ii) if there are twelve months or more left prior to the end of the Restriction Period, the Performance Units credited to the Service Provider’s Performance Unit Account that have not vested will vest on the date of the Service Provider’s termination of employment or service based on a payout multiplier of one hundred percent (100%).

(d) Notwithstanding any other provisions set forth in this Agreement or in the Plan, if the Service Provider ceases to be employed by, or provide service to, the Employer on account of a termination by the Employer for Cause, any Performance Units credited to the Service Provider’s Performance Unit Account that have not been distributed pursuant to Paragraph 4 as of such date shall immediately terminate and become null and void.

4. Distribution. All of the Performance Units credited to the Service Provider’s Performance Unit Account that vest pursuant to Paragraph 3 above and Exhibit A shall become converted to Units to be issued under the Plan and shall be distributed as soon as practicable following, but no later than 30 days following, the date the Performance Units vest as set forth in this Agreement.

5. DERs. In the event the Partnership pays any distributions in respect of its outstanding Common Units and, on the record date for such distribution, the Service Provider holds Performance Units granted pursuant to this Agreement that have not vested and been settled (including Additional Performance Units, as defined in this Section 5, together with the unsettled Performance Units, the “***Outstanding Performance Units***”), the amount of such distribution that would be payable to the Service Provider if he or she were the holder of record of a number of Common Units equal to the number of Outstanding Performance Units (the “***DER Payment***”) shall be retained by the General Partner. The DER Payment will be deemed invested in full (and, as applicable, fractional) Performance Units effective as of the last day of the Restriction Period. Such additional Performance Units (the “***Additional Performance Units***”) will constitute Performance Units subject to the same vesting provisions (including the Performance Multiplier) and the restrictions and risk of forfeiture described in Section 3 of this Agreement. The restrictions and risk of forfeiture imposed on the Additional Performance Units will lapse at the same time, and

subject to the same conditions, as each Performance Unit (or Additional Performance Unit) upon which the distribution was paid. The number of Additional Performance Units created pursuant to the declaration and payment of any distribution in respect of a Common Unit will be determined by dividing the DER Payment by the Fair Market Value of a Common Unit on the last day of the Restriction Period (or, if such day is not a Business Day, on the last Business Day preceding the last day of the Restriction Period).

6. Acknowledgment by Service Provider. By executing this grant, the Service Provider hereby acknowledges that with respect to any right to a distribution and DERs pursuant to this Agreement, the Service Provider is and shall be an unsecured creditor of the Partnership without any preference as against other unsecured general creditors of the Partnership, and the Service Provider hereby covenants for himself or herself, and anyone at any time claiming through or under the Service Provider, not to claim any such preference, and hereby disclaims and waives any such preference that may at any time be at issue, to the fullest extent permitted by applicable law. The Service Provider also hereby agrees to be bound by the terms and conditions of the Plan and this Agreement. The Service Provider further agrees to be bound by the determinations and decisions of the Committee with respect to this Agreement and the Plan and the Service Provider's rights to benefits under this Agreement and the Plan, and agrees that all such determinations and decisions of the Committee shall be binding on the Service Provider, his or her beneficiaries and any other person having or claiming an interest under this Agreement and the Plan on behalf of the Service Provider.

7. Restrictions on Issuance or Transfer of Units. The obligation of the General Partner to deliver Units upon distribution of the Performance Units shall be subject to the condition that if at any time the Committee shall determine in its discretion that the listing, registration or qualification of the Units upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of the Units, the Units may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee. In the event an exemption from registration under the Securities Act of 1933 (the "***Securities Act***") is available, the Service Provider, if requested by the General Partner to do so, will execute and deliver to the General Partner in writing an agreement containing such provisions as the General Partner may require to assure compliance with applicable securities laws. No sale or disposition of Units acquired pursuant to this grant by the Service Provider shall be made in the absence of an effective registration statement under the Securities Act with respect to such Units unless an opinion of counsel satisfactory to the General Partner that such sale or disposition will not constitute a violation of the Securities Act or any other applicable securities laws is first obtained.

8. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Agreement and the terms of the Plan, the terms of the Plan will control. This grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) rights and obligations with respect to withholding taxes, (ii) the registration, qualification or listing of Units, (iii) changes in capitalization of the Partnership, and (iv) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Agreement pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder. By receiving this grant, the Service Provider hereby agrees to be bound by the terms and conditions of the Plan and this Agreement. The Service Provider further agrees to be bound by the determinations and decisions of the Committee with respect to this Agreement and the Plan and the Service Provider's rights to benefits under this Agreement and the Plan and agrees that all such determinations and decisions of the Committee shall be binding on the Service Provider, his or her beneficiaries and any other person having or claiming an interest under this Agreement and the Plan on behalf of the Service Provider.

9. Assignment and Transfers. No Performance Units or DERs awarded to the Service Provider under this Agreement may be transferred, assigned, pledged or encumbered by the Service Provider, except (i) by will or by the laws of descent and distribution or (ii) pursuant to a domestic relations order. Except as set forth above, any attempt to transfer, assign, pledge or encumber the Performance Units or DERs by the Service Provider shall be null, void and without effect. The rights and protections of the General Partner hereunder shall extend to any successors or assigns of General Partner.

10. **Taxes/Withholding.** The vesting of Performance Units, as well as any amounts received upon distribution of Performance Units pursuant to Paragraph 4 above, and the payment of Units for any DERs, is treated as taxable income to the Service Provider, subject to withholding, and the Service Provider shall be solely responsible for all tax consequences that result from the vesting and distribution of the Performance Units, as well as any subsequent sale of Units and the payment of cash with respect to DERs. The Employer is authorized to withhold from any payment due or transfer made under this grant or from any compensation or other amount owing to the Service Provider, the amount (in cash or Units that would otherwise be issued pursuant to this grant as determined by the Committee) of any applicable withholding taxes that are due in respect of this grant, the lapse of restrictions thereon, or any payment or transfer under this grant and to take such other action as may be necessary in the opinion of the Employer to satisfy its withholding obligations for the payment of such taxes. If Units are withheld, the maximum number of Units that may be withheld will be the number of Units that have an aggregate Fair Market Value on the date of withholding no greater than the aggregate amount of such tax liabilities of the Service Provider determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment with respect to the Performance Units, as determined by the Committee.

11. **No Rights as Unitholder**. The Service Provider shall not have any rights as a Unitholder of the Partnership, including the right to any cash distributions, or the right to vote, with respect to any Performance Units.

12. **Employment Not Affected.** This grant of Performance Units and DERs shall not confer upon the Service Provider any right to be retained by, or in the employ or service of, the Employer and shall not interfere in any way with the right of the Employer to terminate the Service Provider’s employment or service at any time. The right of the Employer to terminate at will the Service Provider’s employment or service at any time for any reason is specifically reserved.

13. **Effect on Other Benefits**. The value of Units and DERs distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Employer. Neither shall such value be considered part of the Service Provider’s compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

14. **Amendments.** The General Partner may waive any conditions or rights under and amend any terms of this Agreement, provided that no change shall materially reduce the benefit to the Service Provider without the consent of the Service Provider, except as necessary to comply with the requirements of Paragraph 17 below.

15. **Governing Law**. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof, and applicable federal law.

16. **Notice**. Any notice to the General Partner provided for in this Agreement shall be addressed to the General Partner in care of the General Counsel at the principal office of the General Partner, and any notice to the Service Provider shall be addressed to such Service Provider at the current address shown in the records of the Employer, or to such other address as the Service Provider may designate to the Employer in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

17. **Section 409A of the Internal Revenue Code**. This Agreement is intended to comply with an exemption to section 409A of the Internal Revenue Code of 1986, as amended (the “***Code***”), and the regulations promulgated thereunder. To the extent that any provision of this Agreement or the Plan would cause a conflict with the requirements of section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. This Agreement may be amended without the consent of the Service Provider in any respect deemed by the Committee to be necessary in order to preserve compliance with section 409A of the Code. If the Service Provider is a “specified employee” within the meaning of Treasury Regulation § 1.409A-1(i) as of the date of the Service Provider’s separation from service, the Service Provider shall not be entitled to any payment or benefit pursuant to Paragraph 3(c)(ii) until the earlier of (i) the date which is six (6) months after his or her separation from service for any reason other than death, or (ii) the date of the Service Provider’s death. The

provisions of this paragraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code. Phrases regarding to the termination or separation of the Service Provider's employment or service relationship with the Partnership Entities mean a "separation from service" within the meaning of Treasury Regulation § 1.409A-1(h).

18. **Consent to Electronic Delivery; Electronic Signature.** In lieu of receiving documents in paper format, the Service Provider agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Partnership may be required to deliver (including, without limitation, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered by the Partnership. Electronic delivery may be via a Partnership electronic mail system or by reference to a location on a Partnership intranet to which the Service Provider has access. The Service Provider hereby consents to any and all procedures the Partnership has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Partnership may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. Emailed or faxed signatures (or copies thereof) on this Agreement shall be valid, binding and as effective as original signatures for all purposes.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the dates set forth below.

BY APPROVAL OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF CRESTWOOD EQUITY GP LLC:

Crestwood Equity Partners LP
By: Crestwood Equity GP LLC, as its general partner

By: ______________________________
Joel C. Lambert
Senior Vice President, General Counsel & Secretary

Date: February 15, 2017

I hereby accept the Performance Units and DERs described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all of the decisions and interpretations of the Committee with respect to this Agreement and the Plan shall be final and binding.

Service Provider: ______________________________

Date: ______________________________

Exhibit 12.1

CRESTWOOD EQUITY PARTNERS LP
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(*in millions, except for ratio*)

	Three Months Ended March 31,	
	2017	**2016**
Earnings:		
Pre-tax loss from continuing operations before adjustment for non-controlling interest and equity earnings (including amortization of excess cost of equity investment) per statements of income	$ (27.6)	$ (100.2)
Add:		
Fixed charges	29.2	39.3
Amortized capitalized interest	0.1	0.1
Distributed income of equity investees	7.8	5.6
Less:		
Capitalized interest	(0.3)	(0.2)
Non-controlling interest in pre-tax income of subsidiary with no fixed charges	(6.1)	(5.9)
Total earnings available for fixed charges	$ 3.1	$ (61.3)
Fixed charges:		
Interest and debt expense	26.8	36.3
Interest component of rent	2.4	3.0
Total fixed charges	$ 29.2	$ 39.3
Ratio of earnings to fixed charges (1) (2)	—	—

(1) For purposes of computing the ratio of earnings to fixed charges, "earnings" consists of pretax income from continuing operations before adjustment for non-controlling interest and income from equity investee plus fixed charges (excluding capitalized interest) and amortized capitalized interest. "Fixed charges" represents interest incurred (whether expensed or capitalized), amortization of debt costs and that portion of rental expense on operating leases deemed to be the equivalent of interest.

(2) Earnings for the three months ended March 31, 2017 and 2016 were inadequate to cover fixed charges by approximately $26.1 million and $100.6 million.

Exhibit 12.2

CRESTWOOD MIDSTREAM PARTNERS LP
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(*in millions, except for ratio*)

	Three Months Ended March 31,	
	2017	**2016**
Earnings:		
Pre-tax loss from continuing operations before adjustment for non-controlling interest and equity earnings (including amortization of excess cost of equity investment) per statements of income	$ (29.6)	$ (102.0)
Add:		
Fixed charges	29.2	39.3
Amortized capitalized interest	0.1	0.1
Distributed income of equity investees	7.8	5.6
Less:		
Capitalized interest	(0.3)	(0.2)
Non-controlling interest in pre-tax income of subsidiary with no fixed charges	(6.1)	(5.9)
Total earnings available for fixed charges	$ 1.1	$ (63.1)
Fixed charges:		
Interest and debt expense	26.8	36.3
Interest component of rent	2.4	3.0
Total fixed charges	$ 29.2	$ 39.3
Ratio of earnings to fixed charges[(1) (2)]	—	—

(1) For purposes of computing the ratio of earnings to fixed charges, "earnings" consists of pretax income from continuing operations before adjustment for non-controlling interest and income from equity investee plus fixed charges (excluding capitalized interest) and amortized capitalized interest. "Fixed charges" represents interest incurred (whether expensed or capitalized), amortization of debt costs and that portion of rental expense on operating leases deemed to be the equivalent of interest.

(2) Earnings for the three months ended March 31, 2017 and 2016 were inadequate to cover fixed charges by approximately $28.1 million and $102.4 million.

Exhibit 31.1

CERTIFICATIONS

I, Robert G. Phillips, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crestwood Equity Partners LP (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ Robert G. Phillips

Robert G. Phillips

Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Robert T. Halpin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crestwood Equity Partners LP (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ Robert T. Halpin

Robert T. Halpin

Senior Vice President and Chief Financial Officer

Exhibit 31.3

CERTIFICATIONS

I, Robert G. Phillips, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crestwood Midstream Partners LP (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ Robert G. Phillips

Robert G. Phillips

Chairman, President and Chief Executive Officer

Exhibit 31.4

CERTIFICATIONS

I, Robert T. Halpin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crestwood Midstream Partners LP (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ Robert T. Halpin

Robert T. Halpin

Senior Vice President and Chief Financial Officer

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Crestwood Equity Partners LP (the "Company") on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Phillips, Chief Executive Officer of Crestwood Equity Partners LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert G. Phillips

Robert G. Phillips
Chief Executive Officer

May 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Crestwood Equity Partners LP (the "Company") on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert T. Halpin, Chief Financial Officer of Crestwood Equity Partners LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert T. Halpin

Robert T. Halpin
Chief Financial Officer

May 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.3

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Crestwood Midstream Partners LP (the "Company") on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Phillips, Chief Executive Officer of Crestwood Midstream Partners LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert G. Phillips

Robert G. Phillips
Chief Executive Officer

May 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.4

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Crestwood Midstream Partners LP (the “Company”) on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert T. Halpin, Chief Financial Officer of Crestwood Midstream Partners LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert T. Halpin

Robert T. Halpin
Chief Financial Officer

May 4, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.