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

FORM 8-K

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

Date of Report (Date of earliest event reported) December 9, 2014 (December 3, 2014)

CRESTWOOD EQUITY PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34664
(Commission
File Number)

43-1918951
(IRS Employer
Identification Number)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On December 3, 2014, Crestwood Equity Partners LP (the “**Partnership**”) entered into a Membership Interest Purchase Agreement (the “**MIPA**”) with Tres Palacios Holdings LLC, a Delaware limited liability company (the “**Company**”), pursuant to which the Company acquired 100% of the membership interest in Tres Palacios Gas Storage, LLC, a Delaware limited liability company, from the Partnership, for aggregate cash consideration of \$130.0 million, subject to customary post-closing purchase price adjustments (the “**Tres Palacios Disposition**”).

The MIPA contains customary representations and warranties by the Partnership and the Company and the parties have agreed to indemnify each other for losses resulting from the other party’s breach of any representations, warranties or covenants.

The transaction was completed pursuant to the terms of the previously announced Equity Contribution Agreement (the “**Equity Contribution Agreement**”), dated November 21, 2014, by and among the Partnership, the Company, BIF II Tres Aggregator (Delaware) LLC, a Delaware limited liability company (“**Brookfield**”), and CMLP Tres Manager LLC, a Delaware limited liability company (“**Crestwood**”, together with Brookfield, the “**Prospective Members**” and each of them a “**Prospective Member**”), and solely with respect to Sections 2.4.2, 4.3.2 and Articles 3 and 5 of the Equity Contribution Agreement, Crestwood Midstream Partners LP (the “**Crestwood Guarantor**”), and solely with respect to Sections 2.4.1, 2.6.1, 2.6.2 and Articles 3 and 5 of the Equity Contribution Agreement, Brookfield Infrastructure Fund II-A, L.P., a Delaware limited partnership (“**Fund A**”); Brookfield Infrastructure Fund II-A (CR), L.P., a Delaware limited partnership (“**Fund A (CR)**”), Brookfield Infrastructure Fund IIB, L.P., a Delaware limited partnership (“**Fund B**”); Brookfield Infrastructure Fund II-C, L.P., a Delaware limited partnership (“**Fund C**”); and Brookfield Infrastructure Fund II-D, L.P., a Delaware limited partnership (“**Fund D**”), Brookfield Infrastructure Fund II-D (CR), L.P., a Delaware limited (“**Fund D (CR)**”, and together with Fund A, Fund A (CR), Fund B, Fund C and Fund D, the “**Brookfield Guarantor**”).

After the closing of the transactions contemplated by the MIPA and the Equity Contribution Agreement, Crestwood Guarantor indirectly owns 50.1% of the Company, with the remaining 49.9% indirectly held by Brookfield Guarantor. The Partnership indirectly owns Crestwood Midstream GP LLC, the general partner of Crestwood Guarantor and, consequently, manages and controls Crestwood Guarantor. As of September 30, 2014, the Partnership also owned approximately 4% of Crestwood Guarantor’s limited partnership interests and 100% of its incentive distribution rights, which entitles the Partnership to receive 50% of all distributions paid by Crestwood Guarantor in excess of its initial quarterly distribution of \$0.37 per common unit.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The disclosure under Item 1.01 of this Current Report on Form 8-K relating to the Tres Palacios Disposition is incorporated into this Item 2.01 by reference.

Item 7.01 Regulation FD Disclosure.

On December 4, 2014, the Partnership issued a press release announcing the completion of the sale of Tres Palacios Gas Storage LLC. The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 7.01.

In accordance with General Instruction B.2 of Form 8-K, the information furnished pursuant to this Item 7.01 shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The information furnished pursuant to Item 7.01 shall not be deemed an admission as to the materiality of any information in this report on Form 8-K that is required to be disclosed solely to satisfy the requirements of Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The pro forma financial information of the Partnership to give effect to the Tres Palacios Disposition is filed as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference:

- Introduction
- Unaudited pro forma condensed balance sheet as of September 30, 2014
- Unaudited pro forma condensed statements of operations for the nine months ended September 30, 2014 and for the year ended December 31, 2013
- Notes to unaudited pro forma condensed financial statements

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated December 4, 2014.
99.2	Crestwood Equity Partners LP Unaudited Pro Forma Condensed Financial Statements.

Signatures

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

CRESTWOOD EQUITY PARTNERS LP

By: Crestwood Equity GP LLC,
its General Partner

Date: December 9, 2014

By: /s/ Michael J. Campbell
Michael J. Campbell
Senior Vice President and Chief Financial Officer

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated December 4, 2014.
99.2	Crestwood Equity Partners LP Unaudited Pro Forma Condensed Financial Statements.



News Release
CRESTWOOD EQUITY PARTNERS LP
CRESTWOOD MIDSTREAM PARTNERS LP
700 Louisiana Street, Suite 2550
Houston, TX 77002
www.crestwoodlp.com

Crestwood Equity Partners Completes Sale of Tres Palacios to Crestwood Midstream Partners and Brookfield Infrastructure

HOUSTON – December 4, 2014 – Crestwood Equity Partners LP (NYSE: CEQP) (“Crestwood Equity”) and Crestwood Midstream Partners LP (NYSE: CMLP) (“Crestwood Midstream,” and together with Crestwood Equity, “Crestwood”) announced today that Crestwood Equity has completed the previously announced sale of Tres Palacios Gas Storage LLC (“Tres Palacios”) to the newly formed joint venture between Crestwood Midstream and an affiliate of Brookfield Infrastructure Group (“Brookfield Infrastructure”) for total cash consideration of \$130 million. Crestwood Midstream will own 50.01% of Tres Palacios Holdings LLC (“TPH LLC”) and will be the operator of Tres Palacios and its assets.

As part of the transaction, Brookfield Infrastructure has entered into five-year, fixed-fee contracts with Tres Palacios for 15 billion cubic feet of firm storage capacity and 150,000 dekatherms per day of enhanced interruptible wheeling services, effective November 1, 2014.

“We are pleased to complete the sale of Tres Palacios to TPH LLC,” stated Robert G. Phillips, Chairman, President and Chief Executive Officer of Crestwood’s general partners. “This transaction is an important step in establishing Crestwood Equity as a pure-play general partner MLP and positions Tres Palacios with the much broader financial resources of Crestwood Midstream and Brookfield Infrastructure to capture expansion opportunities along the Texas Gulf Coast region. We look forward to working closely with Brookfield Infrastructure as a partner, which has a proven track record of developing energy assets throughout North America.”

Crestwood Midstream funded its \$65 million portion of the purchase price utilizing its \$1.0 billion revolving credit facility. Crestwood Equity utilized the total cash received from the sale to repay approximately \$130 million of outstanding borrowings under its revolving credit facility. Pro forma for this transaction, Crestwood Equity’s leverage ratio as defined in its revolving credit facility would have been 3.4x as of September 30, 2014.

About Crestwood Midstream Partners LP

Houston, Texas, based Crestwood Midstream Partners LP (NYSE: CMLP) is a master limited partnership that owns and operates midstream businesses in multiple unconventional shale resource plays across the United States. Crestwood Midstream Partners LP is engaged in the gathering, processing, treating, compression, storage and transportation of natural gas; storage, transportation and terminalling of NGLs; and gathering, storage, terminalling and marketing of crude oil.

About Crestwood Equity Partners LP

Houston, Texas, based Crestwood Equity Partners LP (NYSE: CEQP) is a master limited partnership that owns the general partner interest, including the incentive distribution rights and an approximate 4% limited partner interest of Crestwood Midstream Partners LP. In addition, Crestwood Equity Partners LP's operations include an NGL supply and logistics business that serves customers in the United States and Canada.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements include, but are not limited to, statements about the future financial and operating results, objectives, expectations and intentions and other statements that are not historical facts. Crestwood believes that its expectations and forecasts are based on reasonable assumptions. No assurance, however, can be given that such expectations and forecasts will prove to have been correct. A number of factors could cause actual results to differ materially from the expectations and forecasts, anticipated results or other forward-looking information expressed in this press release, including risks and uncertainties regarding future results, capital expenditures, liquidity and financial market conditions, insufficient cash from operations, adverse market conditions, the extent and success of customer drilling efforts, construction delays, and governmental regulations. For a more complete list of these risk factors, please read Crestwood's filings with the SEC, which are available on Crestwood's Investor Relations website at www.crestwoodlp.com or on the SEC's website at www.sec.gov.

Investor Contact

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CRESTWOOD EQUITY PARTNERS LP**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The following unaudited pro forma condensed consolidated financial statements and accompanying financial information of Crestwood Equity Partners LP (Crestwood Equity) as of and for the nine months ended September 30, 2014 and for the year ended December 31, 2013 were derived from (i) the audited consolidated financial statements of Crestwood Equity as of and for the year ended December 31, 2013, included in its Annual Report on Form 10-K; and (ii) the unaudited consolidated financial statements of Crestwood Equity as of and for the nine months ended September 30, 2014 included in its Quarterly Report on Form 10-Q.

The unaudited pro forma condensed consolidated financial information of Crestwood Equity reflects the pro forma impact of Crestwood Equity's sale of 100% of its membership interest in Tres Palacios Gas Storage LLC (Tres Palacios) to a newly formed joint venture between Crestwood Midstream Partners LP (Crestwood Midstream) and Brookfield Infrastructure Group (Brookfield). Crestwood Midstream and Brookfield would own 50.01% and 49.99%, respectively, of Tres Palacios. The historical financial statements have been adjusted in the pro forma financial statements to give effect to events that are (i) directly attributable to the transaction; (ii) factually supportable; and (iii) with respect to the statement of operations, expected to have a continuing impact on Crestwood Equity's operations.

Crestwood Equity controls the operating and financial decisions of Crestwood Midstream and as a result, consolidates the operations of Crestwood Midstream. Crestwood Equity's sale of a 50.01% interest in Tres Palacios to Crestwood Midstream is accounted for as a sale of real estate under which no gain on sale is recognized. Accordingly, Crestwood Midstream's 50.01% ownership interest in Tres Palacios is reflected in the unaudited pro forma financial statements as an equity method investment at 50.01% of Crestwood Equity's historical basis in Tres Palacios.

The unaudited pro forma condensed combined consolidated balance sheet as of September 30, 2014 reflects the transaction as if it occurred on September 30, 2014 and the unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2013 and for the nine months ended September 30, 2014 reflect the transaction as if occurred on January 1, 2013. The unaudited pro forma condensed consolidated financial statements are for illustrative purposes only and are not necessarily indicative of the financial position that would have been obtained or the financial results that would have occurred if the transaction had been completed as of the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not purport to project the future financial position or operating results of Crestwood Equity. Future results may vary significantly from the results reflected because of various factors. The pro forma adjustments and their underlying assumptions are described more fully in the notes to the unaudited pro forma condensed financial information.

Crestwood Equity Partners LP
Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of September 30, 2014
(In millions)

	Crestwood Equity Partners LP Historical	Tres Palacios Gas Storage LLC Pro Forma Adjustments (a)	Other Adjustments	Crestwood Equity Partners LP Pro Forma
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2.2	\$ —	\$ 66.4 (b)	\$ 0.8
			66.4 (c)	
			(132.8) (d)	
			(1.4) (f)	
Accounts receivable	430.5	(0.8)	—	429.7
Inventory	104.7	—	—	104.7
Prepaid expenses and other current assets	47.7	(3.5)	—	44.2
Total current assets	585.1	(4.3)	(1.4)	579.4
Property, plant and equipment, net	4,041.7	(162.5)	—	3,879.2
Intangible assets, net	1,288.0	(5.3)	(0.5) (d)	1,282.2
Goodwill	2,540.6	—	—	2,540.6
Investment in unconsolidated affiliates	231.9	—	36.3 (e)	268.2
Other assets	29.4	(1.9)	—	27.5
Total assets	\$ 8,716.7	\$ (174.0)	\$ 34.4	\$ 8,577.1
LIABILITIES & PARTNER CAPITAL				
Current liabilities:				
Accounts payable	\$ 336.8	\$ —	\$ —	\$ 336.8
Accrued expenses and other liabilities	197.5	(4.7)	—	192.8
Other current liabilities	23.9	(0.1)	—	23.8
Total current liabilities	558.2	(4.8)	—	553.4
Long term debt, less current portion	2,357.2	—	66.4 (c)	2,290.8
			(132.8) (d)	
Other long-term liabilities	154.6	(96.6)	—	58.0
Partners' capital	5,646.7	(72.6)	66.4 (b)	5,674.9
			(0.5) (d)	
			36.3 (e)	
			(1.4) (f)	
Total liabilities and partners' capital	\$ 8,716.7	\$ (174.0)	\$ 34.4	\$ 8,577.1

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

Crestwood Equity Partners LP
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2013
(In millions, except unit and per unit information)

	Crestwood Equity Partners LP Historical	Tres Palacios Gas Storage LLC Pro Forma Adjustments	Other Adjustments	Crestwood Equity Partners LP Pro Forma
		(a)		
Revenues	\$ 1,426.7	\$ (14.0)	\$ —	\$ 1,412.7
Expenses				
Costs of product/services sold (excluding depreciation, amortization and accretion as shown below)	1,002.3	(6.9)	—	995.4
Operations and maintenance expenses	104.6	(2.7)	—	101.9
General and administrative expenses	93.5	—	—	93.5
Depreciation, amortization and accretion	167.9	(6.3)	—	161.6
Other operating expenses	30.2	—	—	30.2
	<u>1,398.5</u>	<u>(15.9)</u>	<u>—</u>	<u>1,382.6</u>
Operating income	28.2	1.9	—	30.1
Loss from unconsolidated affiliates, net	(0.1)	—	(1.0) (g)	(1.1)
Interest and debt expense	(77.9)	—	1.8 (h)	(76.1)
Other income	0.2	—	—	0.2
Income (loss) before income taxes	(49.6)	1.9	0.8	(46.9)
Provision for income taxes	1.0	—	—	1.0
Net income (loss)	(50.6)	1.9	0.8	(47.9)
Net loss attributable to non-controlling partners	57.3	—	2.7 (i)	60.0
Net income available to partners	\$ 6.7	\$ 1.9	3.5	\$ 12.1
Subordinated unitholders' interest in net income	\$ 0.3			\$ 0.5
Common unitholders' interest in net income	<u>\$ 6.4</u>			<u>\$ 11.6</u>
Net income per limited partner unit				
Basic	\$ 0.06			\$ 0.11
Diluted	<u>\$ 0.06</u>			<u>\$ 0.11</u>
Weighted average limited partners' units outstanding (in thousands)				
Basic	109,145			109,145
Dilutive units	4,388			4,388
Diluted	<u>113,533</u>			<u>113,533</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

Crestwood Equity Partners LP
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Nine Months Ended September 30, 2014
(In millions, except unit and per unit information)

	Crestwood Equity Partners LP Historical	Tres Palacios Gas Storage LLC Pro Forma Adjustments	Other Adjustments	Crestwood Equity Partners LP Pro Forma
		(a)		
Revenues	\$ 2,934.1	\$ (11.5)	\$ —	\$ 2,922.6
Expenses				
Costs of product/services sold (excluding depreciation, amortization and accretion as shown below)	2,376.9	(10.1)	—	2,366.8
Operations and maintenance expenses	148.7	(4.7)	—	144.0
General and administrative expenses	73.4	—	—	73.4
Depreciation, amortization and accretion	209.2	(6.1)	—	203.1
Other operating expenses	7.8	—	—	7.8
	<u>2,816.0</u>	<u>(20.9)</u>	<u>—</u>	<u>2,795.1</u>
Operating income	118.1	9.4	—	127.5
Loss from unconsolidated affiliates, net	(1.3)	—	(4.7) (g)	(6.0)
Interest and debt expense	(95.8)	—	1.3 (h)	(94.5)
Other income	0.4	—	—	0.4
Income (loss) before income taxes	21.4	9.4	(3.4)	27.4
Provision for income taxes	1.1	—	—	1.1
Net income (loss)	20.3	9.4	(3.4)	26.3
Net (income) loss attributable to non-controlling partners	(2.3)	—	5.9 (i)	3.6
Net income available to partners	\$ 18.0	\$ 9.4	\$ 2.5	\$ 29.9
Subordinated unitholders' interest in net income	\$ 0.4			\$ 0.7
Common unitholders' interest in net income	<u>\$ 17.6</u>			<u>\$ 29.2</u>
Net income per limited partner unit				
Basic	\$ 0.10			\$ 0.16
Diluted	<u>\$ 0.10</u>			<u>\$ 0.16</u>
Weighted average limited partners' units outstanding (in thousands)				
Basic	182,005			182,005
Dilutive units	4,388			4,388
Diluted	<u>186,393</u>			<u>186,393</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Sale of Tres Palacios

- (a) To record the deconsolidation of Tres Palacios' operations in connection with Crestwood Equity's agreement to sell 100% of its ownership interest in Tres Palacios to Crestwood Midstream (50.01%) and Brookfield (49.99%).

Unaudited Pro Forma Condensed Consolidated Balance Sheet Adjustments

- (b) Reflects the net proceeds received from Brookfield in connection with its acquisition of 49.99% interest in Tres Palacios. Based on 49.99% of the carrying amount of Tres Palacios as of September 30, 2014 (totaling \$36.2 million), CEQP would recognize a gain on the sale of the interest to Brookfield of approximately \$30.2 million, which is reflected in the pro forma adjustment to partners' capital. The unaudited pro forma condensed statements of operations do not include a gain on the divestiture because such gain is not expected to have a continuing impact on CEQP's results of operations.
- (c) Reflects borrowings under Crestwood Midstream's credit facility to fund the acquisition of its 50.01% interest in Tres Palacios.
- (d) Reflects repayments of amounts outstanding under Crestwood Equity's credit facility with proceeds received from the sale of its interest in Tres Palacios and write-off of deferred financing costs associated with debt repayment.
- (e) Reflects Crestwood Midstream's 50.01% investment in the net assets of Tres Palacios as of September 30, 2014. Crestwood Equity controls and consolidates the operations of Crestwood Midstream therefore, Crestwood Equity's sale of a 50.01% interest in Tres Palacios to Crestwood Midstream is accounted for as a sale of real estate under which no gain on sale is recognized. Accordingly, Crestwood Equity will reflect Crestwood Midstream's 50.01% ownership of Tres Palacios as an equity method investment at 50.01% of Crestwood Equity's historical basis in Tres Palacios.
- (f) Reflects payment of transaction costs.

Unaudited Pro Forma Condensed Consolidated Statements of Operations Adjustments

- (g) Reflects Crestwood Midstream's portion of Tres Palacios' operating loss based on its 50.01% equity method investment in Tres Palacios.
- (h) Reflects the pro forma adjustment of interest expense as follows (*in millions*):

	December 31, 2013	September 30, 2014
Interest expense on additional Crestwood Midstream borrowings to fund acquisition of Tres Palacios	\$ 1.8	\$ 1.5
Reduction in Crestwood Equity's interest expense for repayments of amounts under its credit facility	(3.6)	(2.8)
Pro forma adjustment to interest expense	\$ (1.8)	\$ (1.3)

- (i) Reflects the adjustment to non-controlling interest based on Crestwood Midstream's pro forma adjustments to its net loss.