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EQT Midstream Partners, LP
Form 10-Q
October 26, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q
(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2017
or

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 001-35574

EQT Midstream Partners, LP
(Exact name of registrant as specified in its charter)

DELAWARE 37-1661577
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

625 Liberty Avenue, Suite 1700, Pittsburgh, Pennsylvania 15222
(Address of principal executive offices) (Zip code)
(412) 553-5700
(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. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

Large Accelerated Filer Accelerated Filer Emerging Growth Company
Non-Accelerated Filer (Do not check if a Smaller Reporting Company

smaller reporting
company)

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of September 30, 2017, there were 80,581,758 Common Units and 1,443,015 General Partner Units outstanding.

EQT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES

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Glossary of Commonly Used Terms, Abbreviations and Measurements

adjusted EBITDA – a supplemental non-GAAP (as defined below) financial measure defined by EQT Midstream Partners, LP and subsidiaries (collectively, EQM) as net income plus net interest expense, depreciation and amortization expense, income tax expense, Preferred Interest (as defined below) payments received post conversion and non-cash long-term compensation expense less equity income, AFUDC – equity (as defined below), pre-acquisition capital lease payments for Allegheny Valley Connector, LLC (AVC) and adjusted EBITDA of assets prior to acquisition.

Allowance for Funds Used During Construction or AFUDC – carrying costs for the construction of certain long-lived regulated assets are capitalized and amortized over the related assets' estimated useful lives. The capitalized amount for construction of regulated assets includes interest cost and a designated cost of equity for financing the construction of these regulated assets.

British thermal unit – a measure of the amount of energy required to raise the temperature of one pound of water one degree Fahrenheit.

distributable cash flow – a supplemental non-GAAP financial measure defined by EQM as adjusted EBITDA less net interest expense excluding interest income on the Preferred Interest, capitalized interest and AFUDC – debt, and ongoing maintenance capital expenditures net of expected reimbursements.

firm contracts – contracts for gathering, transmission or storage services that obligate customers to pay a fixed monthly charge to reserve an agreed upon amount of pipeline or storage capacity regardless of the actual capacity used by a customer during each month.

gas – all references to “gas” refer to natural gas.

October 2016 Acquisition – On October 13, 2016, EQM acquired from EQT Corporation and subsidiaries (collectively, EQT) 100% of the outstanding limited liability company interests of AVC and Rager Mountain Storage Company LLC (Rager) and certain gathering assets located in southwestern Pennsylvania and northern West Virginia (the Gathering Assets). The closing of the October 2016 Acquisition was effective as of October 1, 2016.

omnibus agreement – the agreement, as amended, entered into among EQM, its general partner and EQT in connection with EQM's initial public offering, pursuant to which EQT agreed to provide EQM with, and EQM agreed to reimburse EQT for, certain general and administrative services and a license to use the name “EQT” and related marks in connection with EQM's business. The omnibus agreement also provides for certain indemnification obligations between EQM and EQT.

Preferred Interest – the preferred interest that EQM has in EQT Energy Supply, LLC (EES).

The \$750 Million ATM Program – EQM's at-the-market (ATM) common unit offering program, pursuant to which a group of managers, acting as EQM's sales agents, may sell EQM common units having an aggregate offering price of up to \$750 million.

throughput – the volume of natural gas transported or passing through a pipeline, plant, terminal or other facility during a particular period.

Abbreviations

ASU – Accounting Standards Update

Measurements

Btu = one British thermal unit

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FASB – Financial Accounting Standards Board

FERC – Federal Energy Regulatory Commission

GAAP – United States Generally Accepted Accounting Principles

IPO – Initial Public Offering

IRS – Internal Revenue Service

SEC – Securities and Exchange Commission

BBtu = billion British thermal units

Bcf = billion cubic feet

Dth = dekatherm or million British thermal units

MMBtu = million British thermal units

Mcf = thousand cubic feet

MMcf = million cubic feet

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EQT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES

Statements of Consolidated Operations (Unaudited) ⁽¹⁾

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
	(Thousands, except per unit amounts)			
Operating revenues ⁽²⁾	\$207,193	\$176,772	\$609,585	\$540,600
Operating expenses:				
Operating and maintenance ⁽³⁾	20,604	18,198	61,471	51,687
Selling, general and administrative ⁽³⁾	18,839	17,725	52,212	53,377
Depreciation and amortization	22,244	14,639	64,191	43,177
Total operating expenses	61,687	50,562	177,874	148,241
Operating income	145,506	126,210	431,711	392,359
Other income ⁽⁴⁾	6,858	13,479	19,576	31,490
Net interest expense ⁽⁵⁾	9,426	2,802	26,014	11,448
Income before income taxes	142,938	136,887	425,273	412,401
Income tax expense	—	3,227	—	10,147
Net income	\$142,938	\$133,660	\$425,273	\$402,254
Calculation of limited partners' interest in net income:				
Net income	\$142,938	\$133,660	\$425,273	\$402,254
Less pre-acquisition net income allocated to parent	—	(7,094)	—	(21,861)
Less general partner interest in net income – general partner units	(2,515)	(2,224)	(7,482)	(6,785)
Less general partner interest in net income – incentive distribution rights (IDRs)	(37,615)	(24,912)	(102,451)	(65,961)
Limited partners' interest in net income	\$102,808	\$99,430	\$315,340	\$307,647
Net income per limited partner unit – basic	\$1.28	\$1.23	\$3.91	\$3.89
Net income per limited partner unit – diluted	\$1.28	\$1.23	\$3.91	\$3.89
Weighted average limited partner units outstanding – basic	80,603	80,599	80,603	78,998
Weighted average limited partner units outstanding – diluted	80,603	80,599	80,603	79,025
Cash distributions declared per unit ⁽⁶⁾	\$0.98	\$0.815	\$2.805	\$2.34

As discussed in Note A, EQM's consolidated financial statements for the three and nine months ended September 30, 2016 have been retrospectively recast to include the pre-acquisition results of AVC, Rager and the ⁽¹⁾Gathering Assets, which were acquired by EQM effective on October 1, 2016, because the transaction was between entities under common control.

Operating revenues included affiliate revenues from EQT of \$154.2 million and \$135.5 million for the three ⁽²⁾months ended September 30, 2017 and 2016, respectively, and \$445.8 million and \$408.3 million for the nine months ended September 30, 2017 and 2016, respectively. See Note E.

⁽³⁾Operating and maintenance expense included charges from EQT of \$10.7 million and \$8.4 million for the three months ended September 30, 2017 and 2016, respectively, and \$29.8 million and \$25.1 million for the nine months ended September 30, 2017 and 2016, respectively. Selling, general and administrative expense included charges

from EQT of \$18.1 million and \$16.4 million for the three months ended September 30, 2017 and 2016, respectively, and \$49.7 million and \$49.3 million for the nine months ended September 30, 2017 and 2016, respectively. See Note E.

For the three and nine months ended September 30, 2017, other income included equity income from Mountain Valley Pipeline, LLC (MVP Joint Venture) of \$6.0 million and \$15.4 million, respectively. For the three and nine (4) months ended September 30, 2016, other income included distributions received from EES of \$2.8 million and \$8.3 million, respectively, and equity income from the MVP Joint Venture of \$2.7 million and \$6.1 million, respectively. See Note F.

(5) For the three and nine months ended September 30, 2017, net interest expense included \$1.7 million and \$5.1 million, respectively, of interest income on the Preferred Interest in EES.

(6) Represents the cash distributions declared related to the period presented. See Note J.

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

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EQT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES

Statements of Consolidated Cash Flows (Unaudited) ⁽¹⁾

	Nine Months Ended September 30, 2017		2016	
	(Thousands)			
Cash flows from operating activities:				
Net income	\$	425,273	\$	402,254
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		64,191		43,177
Deferred income taxes		—		8,774
Equity income		(15,413)		(6,139)
AFUDC – equity		(4,128)		(16,733)
Non-cash long-term compensation expense		225		195
Changes in other assets and liabilities:				
Accounts receivable		(1,106)		2,552
Accounts payable		1,848		11,588
Due to/from EQT affiliates		5,627		(60,217)
Other assets and other liabilities		3,686		(5,433)
Net cash provided by operating activities		480,203		380,018
Cash flows from investing activities:				
Capital expenditures		(224,591)		(477,605)
Capital contributions to the MVP Joint Venture		(103,448)		(76,297)
Sales of interests in the MVP Joint Venture		—		12,533
Principal payments received on the Preferred Interest		3,103		—
Net cash used in investing activities		(324,936)		(541,369)
Cash flows from financing activities:				
		—		217,102

Proceeds from the issuance of EQM common units, net of offering costs				
Proceeds from credit facility borrowings	334,000		430,000	
Payments on credit facility borrowings	(229,000))	(638,000))
Credit facility origination fees	(2,257))	—	
Distributions paid to unitholders	(313,515))	(237,263))
Capital contributions	216		5,884	
Net contributions from EQT	—		22,672	
Net cash used in financing activities	(210,556))	(199,605))
Net change in cash and cash equivalents	(55,289))	(360,956))
Cash and cash equivalents at beginning of period	60,368		360,956	
Cash and cash equivalents at end of period	\$ 5,079		\$ —	
Cash paid during the period for:				
Interest, net of amount capitalized	\$ 31,091		\$ 15,437	

As discussed in Note A, EQM's consolidated financial statements for the nine months ended September 30, 2016 (1) have been retrospectively recast to include the pre-acquisition results of AVC, Rager and the Gathering Assets, which were acquired by EQM effective on October 1, 2016, because the transaction was between entities under common control.

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

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Consolidated Balance Sheets (Unaudited)

	September 30, 2017	December 31, 2016
(Thousands, except number of units)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,079	\$ 60,368
Accounts receivable (net of allowance for doubtful accounts of \$336 as of September 30, 2017 and \$319 as of December 31, 2016)	21,768	20,662
Accounts receivable – affiliate	88,103	81,358
Other current assets	8,222	9,671
Total current assets	123,172	172,059
Property, plant and equipment	3,120,662	2,894,858
Less: accumulated depreciation	(375,153) (316,024
Net property, plant and equipment	2,745,509	2,578,834
Investment in unconsolidated entity	339,978	184,562
Other assets	138,770	140,385
Total assets	\$ 3,347,429	\$ 3,075,840
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 37,493	\$ 35,830
Due to related party	28,991	19,027
Capital contribution payable to MVP Joint Venture	48,026	11,471
Accrued interest	10,434	12,016
Accrued liabilities	12,500	8,648
Total current liabilities	137,444	86,992
Credit facility borrowings	105,000	—
Long-term debt	986,947	985,732
Other long-term liabilities	9,877	9,562
Total liabilities	1,239,268	1,082,286
Equity:		
Common (80,581,758 units issued and outstanding at September 30, 2017 and December 31, 2016)	2,111,095	2,008,510
General partner (1,443,015 units issued and outstanding at September 30, 2017 and December 31, 2016)	(2,934) (14,956
Total equity	2,108,161	1,993,554
Total liabilities and equity	\$ 3,347,429	\$ 3,075,840

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

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Statements of Consolidated Equity (Unaudited) ⁽¹⁾

	Predecessor Equity (Thousands)	Limited Partners Common	General Partner	Total Equity
Balance at January 1, 2016	\$275,545	\$ 1,598,675	\$(30,963)	\$1,843,257
Net income	21,861	307,647	72,746	402,254
Capital contributions	—	567	10	577
Equity-based compensation plans	—	195	—	195
Distributions to unitholders	—	(175,729)	(61,534)	(237,263)
Net contributions from EQT	22,672	—	—	22,672
Proceeds from issuance of common units, net of offering costs	—	217,102	—	217,102
Balance at September 30, 2016	\$320,078	\$ 1,948,457	\$(19,741)	\$2,248,794
Balance at January 1, 2017	\$—	\$ 2,008,510	\$(14,956)	\$1,993,554
Net income	—	315,340	109,933	425,273
Capital contributions	—	2,576	48	2,624
Equity-based compensation plans	—	225	—	225
Distributions to unitholders	—	(215,556)	(97,959)	(313,515)
Balance at September 30, 2017	\$—	\$ 2,111,095	\$(2,934)	\$2,108,161

As discussed in Note A, EQM's consolidated financial statements for the nine months ended September 30, 2016 have been retrospectively recast to include the pre-acquisition results of AVC, Rager and the Gathering Assets, ⁽¹⁾ which were acquired by EQM effective on October 1, 2016, because the transaction was between entities under common control.

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

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EQT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

A. Financial Statements

Organization

EQM is a growth-oriented Delaware limited partnership. EQT Midstream Services, LLC (EQM General Partner) is a direct wholly owned subsidiary of EQT GP Holdings, LP (EQGP) and is the general partner of EQM.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and with the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these unaudited consolidated financial statements include all adjustments (consisting of only normal recurring adjustments, unless otherwise disclosed in this Form 10-Q) necessary for a fair presentation of the financial position of EQM as of September 30, 2017 and December 31, 2016, the results of its operations for the three and nine months ended September 30, 2017 and 2016 and its cash flows and equity for the nine months ended September 30, 2017 and 2016. Certain previously reported amounts have been reclassified to conform to the current year presentation. The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

AVC, Rager and the Gathering Assets were businesses and the October 2016 Acquisition was a transaction between entities under common control; therefore, EQM recorded the assets and liabilities of these entities at their carrying amounts to EQT on the date of the transaction. The difference between EQT's net carrying amount and the total consideration paid to EQT was recorded as a capital transaction with EQT, which resulted in a reduction in equity. EQM recast its consolidated financial statements to retrospectively reflect the October 2016 Acquisition as if the entities were owned for all periods presented; however, the consolidated financial statements are not necessarily indicative of the results of operations that would have occurred if EQM had owned them during the periods reported.

Due to the seasonal nature of EQM's utility customer contracts, the interim statements for the three and nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

For further information, refer to the consolidated financial statements and footnotes thereto included in EQM's Annual Report on Form 10-K for the year ended December 31, 2016 as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. The standard requires an entity to recognize revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers - Deferral of the Effective Date which approved a one year deferral of ASU 2014-09 to annual reporting periods beginning after December 15, 2017. EQM expects to adopt the ASUs using the modified retrospective method of adoption on January 1, 2018. During the

third quarter of 2017, EQM substantially completed its detailed review of the impact of the standard on each of its contracts. Based on this review, EQM does not expect the standard to have a significant impact on net income. EQM is currently evaluating the impact of the standard on its internal controls and disclosures.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The changes primarily affect the accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. This standard will eliminate the cost method of accounting for equity investments. The ASU will be effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period, with early adoption of certain provisions permitted. EQM will adopt this standard in the first quarter of 2018 and does not expect that the adoption will have a material impact on its financial statements and related disclosures.

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In February 2016, the FASB issued ASU No. 2016-02, Leases. The primary effect of adopting the new standard will be to record assets and obligations for contracts currently recognized as operating leases. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The ASU will be effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, with early adoption permitted. EQM has completed a high level identification of agreements covered by this standard and will continue to evaluate the impact this standard will have on its financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments–Credit Losses: Measurement of Credit Losses on Financial Instruments. This ASU amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, this ASU eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The ASU will be effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. EQM is currently evaluating the impact this standard will have on its financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This ASU addresses the presentation and classification of eight specific cash flow issues. The amendments in the ASU will be effective for public business entities for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. EQM adopted this standard in the second quarter of 2017 with no material impact on its financial statements and related disclosures.

B. October 2016 Acquisition

Effective October 1, 2016, EQM acquired from EQT 100% of the outstanding limited liability company interests of AVC and Rager as well as the Gathering Assets. The aggregate consideration paid by EQM to EQT of \$275 million was funded by borrowings under the \$1 Billion Facility (as defined in Note G).

Prior to the October 2016 Acquisition, EQM operated the AVC facilities as part of its transmission and storage system under a lease agreement with EQT. The lease was a capital lease under GAAP; therefore, revenues and expenses associated with the AVC facilities were included in EQM's historical consolidated financial statements and the AVC facilities were depreciated over the lease term of 25 years. In conjunction with the October 2016 Acquisition, the lease agreement was terminated. As a result, EQM's recast of the consolidated financial statements included recasting depreciation expense recognized for the periods prior to the transaction to reflect the pipeline's useful life of 40 years. The cumulative capital lease depreciation recorded for periods prior to the transaction was eliminated through equity at the time of the acquisition and the consolidated financial statements now reflect the depreciation expense based on the 40 year useful life. This adjustment increased previously reported net income by \$1.8 million and \$5.2 million for the three and nine months ended September 30, 2016, respectively.

C. Equity and Net Income per Limited Partner Unit

The following table summarizes EQM's limited partner common units and general partner units issued from January 1, 2016 through December 31, 2016. EQM did not issue any units during the nine months ended September 30, 2017.

Limited Partner	General Partner Units	Total
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	Common Units		
Balance at January 1, 2016	77,520,181	1,443,015	78,963,196
2014 EQM Value Driver Award Program issuance	19,796	—	19,796
EQM Total Return Program issuance	92,472	—	92,472
\$750 Million ATM Program	2,949,309	—	2,949,309
Balance at December 31, 2016	80,581,758	1,443,015	82,024,773

As of September 30, 2017, EQGP and its subsidiaries owned 21,811,643 EQM common units, representing a 26.6% limited partner interest, 1,443,015 EQM general partner units, representing a 1.8% general partner interest, and all of the IDRs in EQM. As of September 30, 2017, EQT owned 100% of the non-economic general partner interest and a 90.1% limited partner interest in EQGP.

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Net Income per Limited Partner Unit. Net income attributable to AVC, Rager and the Gathering Assets for periods prior to October 1, 2016 was not allocated to the limited partners for purposes of calculating net income per limited partner unit. The weighted average phantom unit awards included in the calculation of basic weighted average limited partner units outstanding was 21,298 and 17,481 for the three months ended September 30, 2017 and 2016, respectively, and 20,757 and 17,046 for the nine months ended September 30, 2017 and 2016, respectively. Potentially dilutive securities included in the calculation of diluted weighted average limited partner units outstanding totaled zero and 27,397 for the three and nine months ended September 30, 2016, respectively.

D. Financial Information by Business Segment

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	2016	2016	2016	2016
	(Thousands)			
Revenues from external customers (including affiliates):				
Gathering	\$116,522	\$99,141	\$330,996	\$297,305
Transmission	90,671	77,631	278,589	243,295
Total operating revenues	\$207,193	\$176,772	\$609,585	\$540,600
Operating income:				
Gathering	\$85,817	\$72,495	\$242,716	\$218,274
Transmission	59,689	53,715	188,995	174,085
Total operating income	\$145,506	\$126,210	\$431,711	\$392,359
Reconciliation of operating income to net income:				
Other income	6,858	13,479	19,576	31,490
Net interest expense	9,426	2,802	26,014	11,448
Income tax expense	—	3,227	—	10,147
Net income	\$142,938	\$133,660	\$425,273	\$402,254

	September 30, 2017	December 31, 2016
	(Thousands)	
Segment assets:		
Gathering	\$1,422,645	\$1,292,713
Transmission	1,453,309	1,413,631
Total operating segments	2,875,954	2,706,344
Headquarters, including cash	471,475	369,496
Total assets	\$3,347,429	\$3,075,840

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	2016	2016	2016	2016
	(Thousands)			
Depreciation and amortization:				
Gathering	\$9,983	\$7,663	\$28,398	\$22,520

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Transmission	12,261	6,976	35,793	20,657
Total	\$22,244	\$14,639	\$64,191	\$43,177

Expenditures for segment assets:

Gathering	\$48,182	\$88,390	\$150,728	\$247,755
Transmission	22,312	77,940	73,679	253,957
Total ⁽¹⁾	\$70,494	\$166,330	\$224,407	\$501,712

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EQM accrues capital expenditures when work has been completed but the associated bills have not yet been paid. These accrued amounts are excluded from capital expenditures on the statements of consolidated cash flows until they are paid in a subsequent period. Accrued capital expenditures were approximately \$26.5 million, \$31.2 million and \$26.7 million at September 30, 2017, June 30, 2017 and December 31, 2016, respectively. Accrued capital expenditures were approximately \$48.2 million, \$50.7 million and \$24.1 million at September 30, 2016, June 30, 2016 and December 31, 2015, respectively.

E. Related Party Transactions

In the ordinary course of business, EQM engages in transactions with EQT and its affiliates including, but not limited to, transportation service and precedent agreements, storage agreements and gas gathering agreements. Pursuant to the omnibus agreement, EQT performs centralized corporate, general and administrative services for EQM. In exchange, EQM reimburses EQT for the expenses incurred in providing these services, including direct and indirect costs and expenses attributable to EQT's long-term incentive programs. Pursuant to an operation and management services agreement, EQT Gathering, LLC (EQT Gathering), an indirect wholly owned subsidiary of EQT, provides EQM's pipelines and storage facilities with certain operational and management services. EQM reimburses EQT Gathering for such services pursuant to the terms of the omnibus agreement. The expenses for which EQM reimburses EQT and its subsidiaries may not necessarily reflect the actual expenses that EQM would incur on a stand-alone basis and EQM is unable to estimate what those expenses would be on a stand-alone basis.

F. Investment in Unconsolidated Entity

MVP Joint Venture. The MVP Joint Venture plans to construct the Mountain Valley Pipeline (MVP), an estimated 300-mile natural gas interstate pipeline spanning from northern West Virginia to southern Virginia. EQM is the operator of the MVP and owned a 45.5% interest in the MVP Joint Venture as of September 30, 2017. The MVP Joint Venture has been determined to be a variable interest entity because it has insufficient equity to finance its activities during the construction stage of the project. EQM is not the primary beneficiary because it does not have the power to direct the activities of the MVP Joint Venture that most significantly impact its economic performance. Certain business decisions require the approval of owners holding more than a 66 2/3% interest in the MVP Joint Venture and no one member owns more than a 66 2/3% interest. EQM accounts for the interest in the MVP Joint Venture as an equity method investment as EQM has the ability to exercise significant influence over operating and financial policies of the MVP Joint Venture.

In August 2017, the MVP Joint Venture issued a capital call notice to MVP Holdco, LLC (MVP Holdco), a direct wholly owned subsidiary of EQM, for \$48.0 million, of which \$27.2 million was paid in October 2017 and the remaining \$20.8 million is expected to be paid in November 2017. The capital contribution payable has been reflected on the consolidated balance sheet as of September 30, 2017 with a corresponding increase to EQM's investment in the MVP Joint Venture.

Equity income related to EQM's portion of the MVP Joint Venture's AFUDC on construction of the MVP is reported in other income in the statements of consolidated operations and was \$6.0 million and \$2.7 million for the three months ended September 30, 2017 and 2016, respectively, and \$15.4 million and \$6.1 million for the nine months ended September 30, 2017 and 2016, respectively.

As of September 30, 2017, EQM had issued a \$91 million performance guarantee in favor of the MVP Joint Venture to provide performance assurances for MVP Holdco's obligations to fund its proportionate share of the construction budget for the MVP. Upon the FERC's initial release to begin construction of the MVP, EQM's guarantee will terminate. EQM will then be obligated to issue a new guarantee in an amount equal to 33% of MVP Holdco's

proportionate share of the then remaining construction budget, less, subject to certain limits, any credit assurances issued by any affiliate of EQM under such affiliate's precedent agreement with the MVP Joint Venture.

As of September 30, 2017, EQM's maximum financial statement exposure related to the MVP Joint Venture was approximately \$431 million, which consists of the investment in unconsolidated entity balance on the consolidated balance sheet as of September 30, 2017 and amounts which could have become due under EQM's performance guarantee as of that date.

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The following tables summarize the unaudited condensed financial statements for the investment in unconsolidated entity accounted for under the equity method of accounting.

Condensed Consolidated Balance Sheets

	September	December
	30, 2017	31, 2016
	(Thousands)	
Current assets	\$ 186,840	\$ 53,959
Noncurrent assets	594,208	361,820
Total assets	\$ 781,048	\$ 415,779
Current liabilities	\$ 33,802	\$ 10,149
Equity	747,246	405,630
Total liabilities and equity	\$ 781,048	\$ 415,779

Condensed Statements of Consolidated Operations

	Three Months		Nine Months	
	Ended		Ended	
	September 30,	September 30,	September 30,	September 30,
	2017	2016	2017	2016
	(Thousands)			
Net interest income	\$ 3,227	\$ 1,460	\$ 8,205	\$ 3,237
AFUDC - equity	10,055	4,474	25,710	10,023
Net income	\$ 13,282	\$ 5,934	\$ 33,915	\$ 13,260

G. Credit Facility Borrowings

\$1 Billion Facility. In July 2017, EQM amended and restated its credit facility to increase the borrowing capacity under the facility from \$750 million to \$1 billion and extend the term to July 2022. The proceeds of the loans made under the \$1 Billion Facility may be used by EQM for working capital, capital expenditures, dividends, unit repurchases and other lawful corporate purposes (including purchasing assets from EQT and its subsidiaries and other third parties). Subject to certain terms and conditions, the \$1 Billion Facility has an accordion feature that allows EQM to increase the available borrowings under the facility by up to an additional \$500 million. EQM's \$1 Billion Facility contains various provisions that, if not complied with, could result in termination of the credit facility, require early payment of amounts outstanding or similar actions. The most significant covenants and events of default relate to maintenance of a permitted leverage ratio, limitations on transactions with affiliates, limitations on restricted payments, insolvency events, nonpayment of scheduled principal or interest payments, acceleration of and certain other defaults under other financial obligations and change of control provisions. Under the \$1 Billion Facility, EQM is required to maintain a consolidated leverage ratio of not more than 5.00 to 1.00 (or not more than 5.50 to 1.00 for certain measurement periods following the consummation of certain acquisitions).

EQM had \$105 million of borrowings outstanding on its credit facility as of September 30, 2017 and had no borrowings outstanding as of December 31, 2016. During the three and nine months ended September 30, 2017, the maximum amount of EQM's outstanding borrowings under the credit facility at any time was \$177 million and the average daily balances were approximately \$95 million and \$32 million, respectively. Interest was incurred at a weighted average annual interest rate of approximately 2.7% for the three and nine months ended September 30, 2017. During the three and nine months ended September 30, 2016, the maximum amounts of EQM's outstanding borrowings under the credit facility at any time were \$91 million and \$299 million, respectively, and the average daily

balances were approximately \$34 million and \$67 million, respectively. Interest was incurred at weighted average annual interest rates of approximately 2.0% and 1.9% for the three and nine months ended September 30, 2016, respectively.

364-Day Facility. EQM has a \$500 million, 364-day, uncommitted revolving loan agreement with EQT that matures on October 24, 2018 and will automatically renew for successive 364-day periods unless EQT delivers a non-renewal notice at least 60 days prior to the then current maturity date. Interest accrues on outstanding borrowings at an interest rate equal to the rate then applicable to similar loans under the \$1 Billion Facility, or a successor revolving credit facility, less the sum of (i) the then applicable commitment fee under the \$1 Billion Facility and (ii) 10 basis points.

EQM had no borrowings outstanding on the 364-Day Facility as of September 30, 2017 and December 31, 2016. During the three and nine months ended September 30, 2017, the maximum amounts of EQM's outstanding borrowings under the credit

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facility at any time were \$40 million and \$100 million, respectively, and the average daily balances were approximately \$11 million and \$30 million, respectively. For the three and nine months ended September 30, 2017, interest was incurred at weighted average annual interest rates of approximately 2.4% and 2.2%, respectively.

As of September 30, 2017, EQM was in compliance with all debt provisions and covenants.

H. Fair Value Measurements

The carrying values of cash and cash equivalents, accounts receivable, amounts due to/from related parties and accounts payable approximate fair value due to the short maturity of the instruments; these are considered Level 1 fair values. The carrying value of the credit facility borrowings approximates fair value as the interest rates are based on prevailing market rates; this is considered a Level 1 fair value. As EQM's long-term debt is not actively traded, its fair value is a Level 2 fair value measurement estimated using a standard industry income approach model which utilizes a discount rate based on market rates for debt with similar remaining time to maturity and credit risk. As of September 30, 2017 and December 31, 2016, the estimated fair value of EQM's long-term debt was approximately \$1,018 million and \$982 million, respectively, and the carrying value of EQM's long-term debt was approximately \$987 million and \$986 million, respectively. The fair value of the Preferred Interest is a Level 3 fair value measurement which is estimated using an income approach model utilizing a market-based discount rate. As of September 30, 2017 and December 31, 2016, the estimated fair value of the Preferred Interest was approximately \$133 million and \$132 million, respectively, and the carrying value of the Preferred Interest was approximately \$120 million and \$123 million, respectively.

I. Income Taxes

As a result of its limited partnership structure, EQM is not subject to federal and state income taxes. For federal and state income tax purposes, all income, expenses, gains, losses and tax credits generated by EQM flow through to EQM's unitholders; accordingly, EQM does not record a provision for income taxes.

As discussed in Note A, EQM's consolidated financial statements have been retrospectively recast to include the pre-acquisition results of AVC, Rager and the Gathering Assets, which were acquired by EQM effective on October 1, 2016, because the transaction was between entities under common control. Accordingly, the income tax effects associated with these operations prior to acquisition are reflected in the consolidated financial statements as they were previously part of EQT's consolidated federal tax return.

J. Distributions

On October 24, 2017, the Board of Directors of the EQM General Partner declared a cash distribution to EQM's unitholders for the third quarter of 2017 of \$0.98 per common unit. The cash distribution will be paid on November 14, 2017 to unitholders of record at the close of business on November 3, 2017. Based on the 80,581,758 EQM common units outstanding on October 26, 2017, cash distributions to EQGP will be approximately \$21.4 million related to its limited partner interest, \$2.1 million related to its general partner interest and \$37.6 million related to its IDRs in EQM. The distribution amounts to EQGP related to its general partner interest and IDRs in EQM are subject to change if EQM issues additional common units on or prior to the record date for the third quarter 2017 distribution.

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EQT MIDSTREAM PARTNERS, LP AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

EQM's consolidated financial statements have been retrospectively recast to include the pre-acquisition results of AVC, Rager and the Gathering Assets. You should read the following discussion and analysis of financial condition and results of operations in conjunction with the consolidated financial statements, and the notes thereto, included elsewhere in this report.

CAUTIONARY STATEMENTS

Disclosures in this Quarterly Report on Form 10-Q contain certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Statements that do not relate strictly to historical or current facts are forward-looking and usually identified by the use of words such as "anticipate," "estimate," "could," "would," "will," "may," "forecast," "approximate," "expect," "plan," "believe" and other words of similar meaning in connection with any discussion of future operating or financial matters. Without limiting the generality of the foregoing, forward-looking statements contained in this Quarterly Report on Form 10-Q include the matters discussed in the section captioned "Outlook" in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the expectations of plans, strategies, objectives, and growth and anticipated financial and operational performance of EQM, including guidance regarding EQM's gathering and transmission and storage revenue and volume growth; infrastructure programs (including the timing, cost, capacity and sources of funding with respect to gathering and transmission expansion projects); the cost, capacity, timing of regulatory approvals and anticipated in-service date of the MVP project; expansion projects in EQM's areas of operations and in areas that would provide access to new markets; asset acquisitions, including EQM's ability to complete asset acquisitions from EQT or third parties; the expected benefits to EQM of EQT's proposed acquisition of Rice Energy Inc. (Rice), including whether EQT will complete the proposed acquisition and, if so, whether it will sell Rice's remaining midstream assets to EQM; the amount and timing of distributions, including expected increases; the amounts and timing of projected capital contributions and operating and capital expenditures, including the amount of capital expenditures reimbursable by EQT; the impact of commodity prices on EQM's business; liquidity and financing requirements, including sources and availability; the effects of government regulation and litigation; and tax position. The forward-looking statements included in this Quarterly Report on Form 10-Q involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. EQM has based these forward-looking statements on current expectations and assumptions about future events. While EQM considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, many of which are difficult to predict and are beyond EQM's control. The risks and uncertainties that may affect the operations, performance and results of EQM's business and forward-looking statements include, but are not limited to, those set forth under Item 1A, "Risk Factors" in EQM's Annual Report on Form 10-K for the year ended December 31, 2016.

Any forward-looking statement speaks only as of the date on which such statement is made and EQM does not intend to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.

In reviewing any agreements incorporated by reference in or filed with this Quarterly Report on Form 10-Q, please remember that such agreements are included to provide information regarding the terms of such agreements and are not intended to provide any other factual or disclosure information about EQM. The agreements may contain

representations and warranties by EQM, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties to such agreements should those statements prove to be inaccurate. The representations and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of affairs of EQM or its affiliates as of the date they were made or at any other time.

EXECUTIVE OVERVIEW

For the three months ended September 30, 2017, EQM reported net income of \$142.9 million compared to \$133.7 million for the three months ended September 30, 2016. The increase primarily resulted from higher revenues from both gathering and transmission, which were driven mainly by affiliate and third party production development in the Marcellus Shale, and lower income taxes, partly offset by an increase in operating expenses, higher net interest expense and lower other income.

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For the nine months ended September 30, 2017, EQM reported net income of \$425.3 million compared to \$402.3 million for the nine months ended September 30, 2016. The increase primarily resulted from higher revenues from both transmission and gathering, which were driven mainly by affiliate and third party production development in the Marcellus Shale, and lower income taxes, partly offset by an increase in operating expenses, higher net interest expense and lower other income.

EQM declared a cash distribution to its unitholders of \$0.98 per unit on October 24, 2017, which was 5% higher than the second quarter 2017 distribution of \$0.935 per unit and 20% higher than the third quarter 2016 distribution of \$0.815 per unit.

Business Segment Results

Operating segments are revenue-producing components of the enterprise for which separate financial information is produced internally and is subject to evaluation by the chief operating decision maker in deciding how to allocate resources. Other income and net interest expense are managed on a consolidated basis. EQM has presented each segment's operating income and various operational measures in the following sections. Management believes that the presentation of this information provides useful information to management and investors regarding the financial condition, results of operations and trends of segments. EQM has reconciled each segment's operating income to EQM's consolidated operating income and net income in Note D to the consolidated financial statements.

GATHERING RESULTS OF OPERATIONS

	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2017	2016	% Change	2017	2016	% Change
FINANCIAL DATA	(Thousands, other than per day amounts)					
Firm reservation fee revenues	\$104,772	\$83,560	25.4	\$300,901	\$249,127	20.8
Volumetric based fee revenues:						
Usage fees under firm contracts ⁽¹⁾	7,873	10,024	(21.5)	19,173	31,515	(39.2)
Usage fees under interruptible contracts	3,877	5,557	(30.2)	10,922	16,663	(34.5)
Total volumetric based fee revenues	11,750	15,581	(24.6)	30,095	48,178	(37.5)
Total operating revenues	116,522	99,141	17.5	330,996	297,305	11.3
Operating expenses:						
Operating and maintenance	10,219	9,672	5.7	31,082	27,740	12.0
Selling, general and administrative	10,503	9,311	12.8	28,800	28,771	0.1
Depreciation and amortization	9,983	7,663	30.3	28,398	22,520	26.1
Total operating expenses	30,705	26,646	15.2	88,280	79,031	11.7
Operating income	\$85,817	\$72,495	18.4	\$242,716	\$218,274	11.2

OPERATIONAL DATA

Gathered volumes (BBtu per day)						
Firm capacity reservation	1,838	1,563	17.6	1,783	1,506	18.4
Volumetric based services ⁽²⁾	370	451	(18.0)	292	463	(36.9)
Total gathered volumes	2,208	2,014	9.6	2,075	1,969	5.4
Capital expenditures	\$48,182	\$88,390	(45.5)	\$150,728	\$247,755	(39.2)

(1) Includes fees on volumes gathered in excess of firm contracted capacity.

(2) Includes volumes gathered under interruptible contracts and volumes gathered in excess of firm contracted capacity.

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Gathering revenues increased by \$17.4 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 driven by third party and affiliate production development in the Marcellus Shale. EQM increased firm reservation fee revenues primarily as a result of third parties and affiliates contracting for additional firm gathering capacity on the Range Resources Corporation (Range Resources) Header Pipeline project and various affiliate wellhead gathering expansion projects. The decrease in usage fees under firm contracts was due to lower affiliate volumes in excess of firm contracted capacity. The decrease in usage fees under interruptible contracts was primarily due to the additional contracts for firm capacity.

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Operating expenses increased by \$4.1 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 primarily as a result of increased depreciation and amortization expense of \$2.3 million due to additional assets placed in-service including those associated with the Range Resources Header Pipeline project and a Northern West Virginia Marcellus gathering system (NWV Gathering) expansion project and higher personnel costs.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Gathering revenues increased by \$33.7 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 driven by third party and affiliate production development in the Marcellus Shale. EQM increased firm reservation fee revenues primarily as a result of affiliates and third parties contracting for additional firm gathering capacity on various affiliate wellhead gathering expansion projects and the Range Resources Header Pipeline project. The decrease in usage fees under firm contracts was due to lower affiliate volumes in excess of firm contracted capacity. The decrease in usage fees under interruptible contracts was primarily due to the additional contracts for firm capacity.

Operating expenses increased by \$9.2 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 primarily as a result of increased depreciation and amortization expense of \$5.9 million due to additional assets placed in-service including those associated with the Range Resources Header Pipeline project and a NWV Gathering expansion project and higher personnel costs.

TRANSMISSION RESULTS OF OPERATIONS

	Three Months Ended			Nine Months Ended		
	September 30,		%	September 30,		%
	2017	2016	Change	2017	2016	Change
FINANCIAL DATA						
(Thousands, other than per day amounts)						
Firm reservation fee revenues	\$84,438	\$59,610	41.7	\$256,224	\$190,003	34.9
Volumetric based fee revenues:						
Usage fees under firm contracts ⁽¹⁾	3,427	14,600	(76.5)	9,787	42,274	(76.8)
Usage fees under interruptible contracts	2,806	3,421	(18.0)	12,578	11,018	14.2
Total volumetric based fee revenues	6,233	18,021	(65.4)	22,365	53,292	(58.0)
Total operating revenues	90,671	77,631	16.8	278,589	243,295	14.5
Operating expenses:						
Operating and maintenance	10,385	8,526	21.8	30,389	23,947	26.9
Selling, general and administrative	8,336	8,414	(0.9)	23,412	24,606	(4.9)
Depreciation and amortization	12,261	6,976	75.8	35,793	20,657	73.3
Total operating expenses	30,982	23,916	29.5	89,594	69,210	29.5
Operating income	\$59,689	\$53,715	11.1	\$188,995	\$174,085	8.6
OPERATIONAL DATA						
Transmission pipeline throughput (BBtu per day)						
Firm capacity reservation	2,517	1,440	74.8	2,288	1,515	51.0
Volumetric based services ⁽²⁾	21	610	(96.6)	22	556	(96.0)
Total transmission pipeline throughput	2,538	2,050	23.8	2,310	2,071	11.5
Average contracted firm transmission reservation commitments (BBtu per day)						
	3,474	2,365	46.9	3,519	2,591	35.8

Capital expenditures \$22,312 \$77,940 (71.4 %) \$73,679 \$253,957 (71.0 %)

(1) Includes commodity charges and fees on all volumes transported under firm contracts as well as transmission fees on volumes in excess of firm contracted capacity.

(2) Includes volumes transported under interruptible contracts and volumes transported in excess of firm contracted capacity.

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Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

Transmission and storage revenues increased by \$13.0 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. Firm reservation fee revenues increased due to affiliates contracting for additional firm capacity on the Ohio Valley Connector (OVC). Approximately \$3.4 million of the increase was related to a FERC-approved retroactive negotiated rate adjustment for the period October 1, 2016 through June 30, 2017. The firm capacity on the OVC resulted in lower affiliate usage fees under firm contracts.

Operating expenses increased by \$7.1 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. The increases in operating and maintenance expense and depreciation and amortization expense were the result of the OVC project placed in-service in the fourth quarter of 2016. Operating and maintenance expense increased primarily due to property taxes on the OVC.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

Transmission and storage revenues increased by \$35.3 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. Firm reservation fee revenues increased due to affiliates and third parties contracting for additional firm capacity, primarily on the OVC, as well as higher contractual rates on existing contracts in the current year. The firm capacity on the OVC resulted in lower affiliate usage fees under firm contracts.

Operating expenses increased by \$20.4 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. The increases in operating and maintenance expense and depreciation and amortization expense were the result of the OVC project placed in-service in the fourth quarter of 2016. Operating and maintenance expense increased primarily due to property taxes on the OVC and higher personnel costs.

Other Income Statement Items

Other income decreased by \$6.6 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 primarily driven by decreased AFUDC - equity of \$7.2 million associated with the OVC project placed in-service in the fourth quarter of 2016 and distributions from EES of \$2.8 million for the three months ended September 30, 2016 which were recorded as other income in 2016, partly offset by higher equity income related to EQM's portion of the MVP Joint Venture's AFUDC on the MVP. Other income decreased by \$11.9 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 primarily driven by decreased AFUDC - equity of \$12.6 million associated with the OVC project placed in-service in the fourth quarter of 2016 and distributions from EES of \$8.3 million for the nine months ended September 30, 2016 which were recorded as other income in 2016, partly offset by higher equity income related to EQM's portion of the MVP Joint Venture's AFUDC on the MVP.

Net interest expense increased by \$6.6 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 primarily driven by \$5.2 million of interest incurred on EQM's long-term debt issued in November 2016 and lower capitalized interest and AFUDC - debt associated with decreased spending on regulated projects, partly offset by \$1.7 million of interest income recorded on distributions from EES in 2017. Net interest expense increased by \$14.6 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 primarily driven by \$15.5 million of interest incurred on EQM's long-term debt issued in November 2016 and lower capitalized interest and AFUDC - debt associated with decreased spending on regulated projects, partly offset by \$5.1 million of interest income recorded on distributions from EES in 2017.

See Note I to the consolidated financial statements for discussion of income tax expense.

See “Investing Activities” and “Capital Requirements” in the “Capital Resources and Liquidity” section below for a discussion of capital expenditures.

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Non-GAAP Financial Measures

Adjusted EBITDA and distributable cash flow are non-GAAP supplemental financial measures that management and external users of EQM's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, use to assess:

- EQM's operating performance as compared to other publicly traded partnerships in the midstream energy industry without regard to historical cost basis or, in the case of adjusted EBITDA, financing methods;
- the ability of EQM's assets to generate sufficient cash flow to make distributions to EQM's unitholders;
- EQM's ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

EQM believes that adjusted EBITDA and distributable cash flow provide useful information to investors in assessing its financial condition and results of operations. Adjusted EBITDA and distributable cash flow should not be considered as alternatives to net income, operating income, net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted EBITDA and distributable cash flow have important limitations as analytical tools because they exclude some, but not all, items that affect net income and net cash provided by operating activities. Additionally, because adjusted EBITDA and distributable cash flow may be defined differently by other companies in its industry, EQM's adjusted EBITDA and distributable cash flow may not be comparable to similarly titled measures of other companies, thereby diminishing the utility of the measures. Distributable cash flow should not be viewed as indicative of the actual amount of cash that EQM has available for distributions from operating surplus or that it plans to distribute.

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Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of EQM's non-GAAP financial measures of adjusted EBITDA and distributable cash flow with the most directly comparable EQM GAAP financial measures of net income and net cash provided by operating activities.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Thousands)			
Net income	\$142,938	\$133,660	\$425,273	\$402,254
Add:				
Net interest expense	9,426	2,802	26,014	11,448
Depreciation and amortization expense	22,244	14,639	64,191	43,177
Income tax expense	—	3,227	—	10,147
Preferred Interest payments received post conversion	2,746	—	8,238	—
Non-cash long-term compensation expense	—	—	225	195
Less:				
Equity income	(6,025)	(2,700)	(15,413)	(6,139)
AFUDC – equity	(831)	(8,003)	(4,128)	(16,733)
Pre-acquisition capital lease payments for AVC ⁽¹⁾	—	(3,786)	—	(17,186)
Adjusted EBITDA attributable to the October 2016 Acquisition prior to acquisition ⁽²⁾	—	(3,803)	—	(11,420)
Adjusted EBITDA	\$170,498	\$136,036	\$504,400	\$415,743
Less:				
Net interest expense excluding interest income on the Preferred Interest	(11,123)	(2,803)	(31,149)	(11,448)
Capitalized interest and AFUDC – debt	(867)	(3,294)	(3,475)	(6,838)
Ongoing maintenance capital expenditures net of expected reimbursements ⁽³⁾	(8,110)	(4,230)	(14,180)	(9,360)
Distributable cash flow	\$150,398	\$125,709	\$455,596	\$388,097
Net cash provided by operating activities	\$159,898	\$103,645	\$480,203	\$380,018
Adjustments:				
Pre-acquisition capital lease payments for AVC ⁽¹⁾	—	(3,786)	—	(17,186)
Capitalized interest and AFUDC – debt	(867)	(3,294)	(3,475)	(6,838)
Principal payments received on the Preferred Interest	1,049	—	3,103	—
Ongoing maintenance capital expenditures net of expected reimbursements ⁽³⁾	(8,110)	(4,230)	(14,180)	(9,360)
Current tax expense	—	450	—	1,373
Adjusted EBITDA attributable to the October 2016 Acquisition prior to acquisition ⁽²⁾	—	(3,803)	—	(11,420)
Other, including changes in working capital	(1,572)	36,727	(10,055)	51,510
Distributable cash flow	\$150,398	\$125,709	\$455,596	\$388,097

(1) Reflects capital lease payments due under the lease. These lease payments were generally made monthly on a one month lag prior to the October 2016 Acquisition.

(2) Adjusted EBITDA attributable to the October 2016 Acquisition prior to acquisition for the periods presented was excluded from EQM's adjusted EBITDA calculations as these amounts were generated by AVC, Rager and the

Gathering Assets prior to acquisition by EQM; therefore, the amounts could not have been distributed to EQM's unitholders. Adjusted EBITDA attributable to the October 2016 Acquisition prior to acquisition for the three and nine months ended September 30, 2016 was calculated as net income of \$0.6 million and \$1.3 million, respectively, plus depreciation and amortization expense of \$0.7 million and \$2.1 million, respectively, plus income tax expense of \$3.2 million and \$10.1 million, respectively, less interest income of \$0.1 million and \$0.5 million, respectively, less AFUDC - equity of \$0.6 million and \$1.6 million, respectively.

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Adjusted EBITDA attributable to AVC, excluding income tax expense and AFUDC - equity, was previously included in EQM's results as a result of the capital lease and was eliminated from adjusted EBITDA by subtracting the capital lease payment; therefore, there is no adjustment for AVC's adjusted EBITDA prior to acquisition other than the capital lease payments, income tax expense and AFUDC - equity. Net income for AVC including decreased depreciation expense related to the 40 year useful life of the pipeline was \$6.6 million and \$20.6 million for the three and nine months ended September 30, 2016, respectively (see Note B to the consolidated financial statements).

Ongoing maintenance capital expenditures net of expected reimbursements excludes ongoing maintenance that EQM expects to be reimbursed or that was reimbursed by EQT under the terms of EQM's omnibus agreement of \$1.7 million and \$0.4 million for the three months ended September 30, 2017 and 2016, respectively, and \$2.6 million and \$0.6 million for the nine months ended September 30, 2017 and 2016, respectively. Additionally, it excludes ongoing maintenance attributable to AVC, Rager and the Gathering Assets prior to acquisition of \$1.4 million and \$6.5 million for the three and nine months ended September 30, 2016, respectively.

See "Executive Overview" above for a discussion of EQM's net income, the GAAP financial measure most directly comparable to adjusted EBITDA. EQM's adjusted EBITDA increased by \$34.5 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 and \$88.7 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 primarily as a result of higher operating income on increased revenues driven by production development in the Marcellus Shale and the October 2016 Acquisition, which resulted in EBITDA subsequent to the transaction being reflected in adjusted EBITDA, including the elimination of the AVC lease payment.

Net cash provided by operating activities, the GAAP financial measure most directly comparable to distributable cash flow, increased by \$100.2 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 as discussed in "Capital Resources and Liquidity." Distributable cash flow increased by \$24.7 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 and \$67.5 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 mainly attributable to the increase in EQM's adjusted EBITDA partly offset by increased net interest expense and ongoing maintenance capital expenditures.

Outlook

EQM's principal business objective is to increase the quarterly cash distributions that it pays to its unitholders over time while ensuring the ongoing growth of its business. EQM believes that it is well positioned to achieve growth based on the combination of its relationship with EQT and its strategically located assets, which cover portions of the Marcellus, Upper Devonian and Utica Shales that lack substantial natural gas pipeline infrastructure. EQM believes it has a competitive advantage in pursuing economically attractive organic expansion projects in its areas of operations, which EQM believes will be a key driver of growth in the future. EQM is also currently pursuing organic growth projects that are expected to provide access to markets in the Gulf Coast and Southeast regions. Additionally, EQM may acquire additional midstream assets from EQT or pursue asset acquisitions from third parties. Should EQT choose to pursue midstream asset sales, it is under no contractual obligation to offer the assets to EQM.

EQM expects that the following expansion projects will allow it to capitalize on drilling activity by EQT and third party producers:

▲Affiliate Wellhead Gathering Expansion. EQM expects to invest \$160 million to \$180 million in 2017 on gathering expansion projects supported by EQT Production development in the Marcellus Shale, down from the second quarter 2017 estimate as a result of timing of projects. EQM expects to install approximately 30 miles of gathering pipeline

and 10,000 horsepower compression in its gathering systems across northern West Virginia and southwestern Pennsylvania during 2017.

Mountain Valley Pipeline. The MVP Joint Venture is a joint venture with affiliates of each of NextEra Energy, Inc., Consolidated Edison, Inc., WGL Holdings, Inc. and RGC Resources, Inc. EQM is the operator of the MVP and owned a 45.5% interest in the MVP Joint Venture as of September 30, 2017. The 42 inch diameter MVP has a targeted capacity of 2.0 Bcf per day and is estimated to span 300 miles extending from EQM's existing transmission and storage system in Wetzel County, West Virginia to Pittsylvania County, Virginia. As currently designed, the MVP is estimated to cost a total of \$3.0 billion to \$3.5 billion, excluding AFUDC, with EQM funding its proportionate share through capital contributions made to the joint venture. In 2017, EQM expects to provide capital contributions of approximately \$180 million to \$200 million to the MVP Joint Venture, primarily in support of materials, land, engineering design, environmental work and construction activities. The MVP Joint Venture has secured a total of 2.0 Bcf per day of firm capacity commitments at 20-year terms, including a 1.29 Bcf per day firm capacity commitment by EQT, and is currently in negotiation with additional shippers who have expressed interest in the MVP project. On

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October 13, 2017, the FERC issued the Certificate of Public Convenience and Necessity for the project. The pipeline is targeted to be placed in-service during the fourth quarter of 2018.

Transmission Expansion. EQM plans to invest \$80 million to \$90 million on transmission expansion projects in 2017 including Equitrans expansion projects and modernization projects on the AVC facilities. The AVC modernization projects primarily consist of the replacement of approximately 20 miles of pipeline.

Supply Hub Expansion. These expansion projects are designed to increase deliverable capacity to EQM's Mobley hub, which is the origin of both the OVC and the MVP. These gathering and/or transmission projects include additional compression, pipeline looping and new header pipelines. In total, the projects are expected to add up to 1.5 Bcf per day of capacity to EQM's systems.

See further discussion of capital expenditures in the “Capital Requirements” section below.

Rice Transaction. On June 19, 2017, EQT announced that it had entered into a definitive agreement to acquire Rice. Completion of the transaction is subject to the approval of both EQT shareholders and Rice stockholders, as well as certain other customary closing conditions. The special meetings of EQT shareholders and Rice stockholders are each scheduled to be held for these purposes on November 9, 2017. As part of the transaction, EQT will acquire the midstream assets currently held at Rice. EQT announced that it intends to sell these retained midstream assets to EQM through one or more drop-down transactions. In addition to the potential drop-down opportunities, EQM expects to benefit from increased organic growth opportunities due to the combination of the EQT and Rice acreage positions if the transaction is completed.

Commodity Prices. EQM's business is dependent on the continued availability of natural gas production and reserves in its areas of operation. Low prices for natural gas, including those resulting from regional basis differentials, could adversely affect development of additional reserves and production that is accessible by EQM's pipeline and storage assets. Lower regional natural gas prices could cause producers to determine in the future that drilling activities in areas outside of EQM's current areas of operation are strategically more attractive to them. EQT, or third party customers on EQM's systems, may reduce capital spending in the future based on commodity prices or other factors. Unless EQM is successful in attracting and retaining unaffiliated third party customers, which accounted for 46% of transmission and storage revenues and 11% of gathering revenues for the nine months ended September 30, 2017, its ability to maintain or increase the capacity subscribed and volumes transported under service arrangements on its transmission and storage system as well as the volumes gathered on its gathering systems will be dependent on receiving consistent or increasing commitments from EQT. While EQT has dedicated acreage to EQM and has entered into long-term firm transmission and gathering contracts on EQM's systems, EQT may determine in the future that drilling in EQM's areas of operations is not economical or that drilling in areas outside of EQM's current areas of operations is strategically more attractive to it. EQT is under no contractual obligation to continue to develop its acreage dedicated to EQM.

EQM believes the high percentage of its revenues derived from reservation charges under long-term, firm contracts will help to mitigate the risk of revenue fluctuations due to changes in near-term supply and demand conditions and commodity prices. For more information see “Risks Inherent in Our Business - Any significant decrease in production of natural gas in our areas of operation could adversely affect our business and operating results and reduce our cash available to make distributions” included in Item 1A, “Risk Factors” of EQM's Annual Report on Form 10-K for the year ended December 31, 2016.

Capital Resources and Liquidity

EQM's principal liquidity requirements are to finance its operations, fund capital expenditures, potential acquisitions and capital contributions to the MVP Joint Venture, make cash distributions and satisfy any indebtedness obligations. EQM's ability to meet these liquidity requirements will depend on its ability to generate cash in the future as well as its ability to raise capital in banking, capital and other markets. EQM's available sources of liquidity include cash generated from operations, borrowing under EQM's credit facilities, cash on hand, debt offerings and issuances of additional EQM partnership units.

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Operating Activities

Net cash flows provided by operating activities totaled \$480.2 million for the nine months ended September 30, 2017 compared to \$380.0 million for the nine months ended September 30, 2016. The increase was primarily driven by the timing of working capital payments between the two periods and higher operating income for which contributing factors are discussed in the “Executive Overview” and “Business Segment Results of Operations” sections herein.

Investing Activities

Net cash flows used in investing activities totaled \$324.9 million for the nine months ended September 30, 2017 compared to \$541.4 million for the nine months ended September 30, 2016. The decrease was primarily attributable to decreased capital expenditures as further described in the “Capital Requirements” section herein partly offset by increased capital contributions to the MVP Joint Venture in 2017 and sales of interests in the MVP Joint Venture in 2016.

Financing Activities

Net cash used in financing activities totaled \$210.6 million for the nine months ended September 30, 2017 compared to \$199.6 million for the nine months ended September 30, 2016. For the nine months ended September 30, 2017, the primary use of financing cash flows was distributions paid to unitholders and the primary source of financing cash flows was net borrowings on EQM's credit facilities. For the nine months ended September 30, 2016, the primary uses of financing cash flows were distributions paid to unitholders and net repayments of credit facility borrowings and the primary source of financing cash flows was proceeds from the sale of common units under the \$750 Million ATM Program.

Capital Requirements

The gathering, transmission and storage businesses are capital intensive, requiring significant investment to develop new facilities and to maintain and upgrade existing operations.

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	2017	2016	2017	2016
	(Thousands)			
Expansion capital expenditures ⁽¹⁾	\$60,679	\$159,755	\$207,548	\$484,525
Maintenance capital expenditures:				
Ongoing maintenance	9,760	6,064	16,804	16,400
Funded regulatory compliance	55	511	55	787
Total maintenance capital expenditures	9,815	6,575	16,859	17,187
Total capital expenditures ⁽²⁾	\$70,494	\$166,330	\$224,407	\$501,712

Expansion capital expenditures do not include capital contributions made to the MVP Joint Venture of \$43.5 million and \$35.6 million for the three months ended September 30, 2017 and 2016, respectively, and \$103.4 million and \$76.3 million for the nine months ended September 30, 2017 and 2016, respectively.

(2)EQM accrues capital expenditures when work has been completed but the associated bills have not yet been paid. These accrued amounts are excluded from capital expenditures on the statements of consolidated cash flows until they are paid in a subsequent period. Accrued capital expenditures were approximately \$26.5 million, \$31.2

million and \$26.7 million at September 30, 2017, June 30, 2017 and December 31, 2016, respectively. Accrued capital expenditures were approximately \$48.2 million, \$50.7 million and \$24.1 million at September 30, 2016, June 30, 2016 and December 31, 2015, respectively.

Expansion capital expenditures decreased by \$99.1 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 and \$277.0 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 primarily as a result of decreased spending on the OVC project and the Range Resources Header Pipeline project. The final phase of the Range Resources Header Pipeline project was placed in-service during the second quarter of 2017 and now provides total firm gathering capacity of 600 MMcf per day. EQM estimates the total project cost to be approximately \$240 million with approximately \$40 million to be spent in 2017. The OVC project was placed into service in the fourth quarter of 2016.

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In 2017, expansion capital expenditures and capital contributions to the MVP Joint Venture are expected to be \$460 million to \$510 million and ongoing maintenance capital expenditures are expected to be \$25 million to \$30 million, net of reimbursements. EQM's future capital investments may vary significantly from period to period based on the available investment opportunities and are expected to grow substantially in future periods for the capital contributions to the MVP Joint Venture. Maintenance related capital expenditures are also expected to vary quarter to quarter. EQM expects to fund future capital expenditures primarily through cash on hand, cash generated from operations, availability under its credit facilities, debt offerings and issuances of additional EQM partnership units. EQM does not forecast capital expenditures associated with potential projects not committed as of the filing of this Quarterly Report on Form 10-Q.

Credit Facility Borrowings

See Note G to the consolidated financial statements for discussion of EQM's credit facilities.

Security Ratings

The table below sets forth the credit ratings for debt instruments of EQM at September 30, 2017.

Rating Service	Senior Notes	Outlook
Moody's Investors Service (Moody's)	Ba1	Stable
Standard & Poor's Ratings Services (S&P)	BBB-	Stable
Fitch Ratings (Fitch)	BBB-	Stable

EQM's credit ratings are subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating. EQM cannot ensure that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a credit rating agency if, in its judgment, circumstances so warrant. If any credit rating agency downgrades EQM's ratings, EQM's access to the capital markets may be limited, borrowing costs could increase, EQM may be required to provide additional credit assurances in support of commercial agreements such as joint venture agreements and construction contracts, the amount of which may be substantial, and the potential pool of investors and funding sources may decrease. In order to be considered investment grade, a company must be rated Baa3 or higher by Moody's, BBB- or higher by S&P, or BBB- or higher by Fitch. Anything below these ratings, including EQM's current credit rating of Ba1 by Moody's, is considered non-investment grade.

\$750 Million ATM Program

As of October 26, 2017, EQM had approximately \$443 million in remaining capacity under the \$750 Million ATM Program.

Distributions

See Note J to the consolidated financial statements for discussion of distributions.

Commitments and Contingencies

In the ordinary course of business, various legal and regulatory claims and proceedings are pending or threatened against EQM. While the amounts claimed may be substantial, EQM is unable to predict with certainty the ultimate outcome of such claims and proceedings. EQM accrues legal and other direct costs related to loss contingencies when actually incurred. EQM has established reserves it believes to be appropriate for pending matters, and after

consultation with counsel and giving appropriate consideration to available insurance, EQM believes that the ultimate outcome of any matter currently pending against it will not materially affect its business, financial condition, results of operations, liquidity or ability to make distributions.

Off-Balance Sheet Arrangements

See Note F to the consolidated financial statements for discussion of the MVP Joint Venture guarantee.

Critical Accounting Policies

EQM's critical accounting policies are described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in EQM's Annual Report on Form 10-K for the year ended December 31, 2016. Any new

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accounting policies or updates to existing accounting policies as a result of new accounting pronouncements have been included in the notes to EQM's consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for the period ended September 30, 2017. The application of EQM's critical accounting policies may require management to make judgments and estimates about the amounts reflected in the consolidated financial statements. Management uses historical experience and all available information to make these estimates and judgments. Different amounts could be reported using different assumptions and estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Changes in interest rates affect the amount of interest EQM earns on cash, cash equivalents and short-term investments and the interest rates EQM pays on borrowings under its credit facilities. EQM's long-term borrowings are fixed rate and thus do not expose EQM to fluctuations in its results of operations or liquidity from changes in market interest rates. Changes in interest rates do affect the fair value of EQM's fixed rate debt. See Note G to the consolidated financial statements for further discussion of EQM's borrowings and Note H to the consolidated financial statements for a discussion of fair value measurements. EQM may from time to time hedge the interest on portions of its borrowings under the credit facilities in order to manage risks associated with floating interest rates.

Credit Risk

EQM is exposed to credit risk which is the risk that EQM may incur a loss if a counterparty fails to perform under a contract. EQM manages its exposure to credit risk associated with customers through credit analysis, credit approval, credit limits and monitoring procedures. For certain transactions, EQM may request letters of credit, cash collateral, prepayments or guarantees as forms of credit support. EQM's FERC tariffs require tariff customers that do not meet specified credit standards to provide three months of credit support; however, EQM is exposed to credit risk beyond this three month period when its tariffs do not require its customers to provide additional credit support. For some of EQM's more recent long-term contracts associated with system expansions, it has entered into negotiated credit agreements that provide for enhanced forms of credit support if certain credit standards are not met. EQM has historically experienced only minimal credit losses in connection with its receivables. For the nine months ended September 30, 2017, approximately 87% of revenues were from investment grade counterparties. EQM is exposed to the credit risk of EQT, its largest customer. In connection with EQM's IPO in 2012, EQT guaranteed all payment obligations, up to a maximum of \$50 million, due and payable to Equitrans, L.P., EQM's wholly owned FERC-regulated subsidiary, by EQT Energy, LLC, one of Equitrans, L.P.'s largest customers and a wholly owned subsidiary of EQT. The EQT guaranty will terminate on November 30, 2023 unless terminated earlier by EQT upon 10 days written notice. At September 30, 2017, EQT's public senior debt had an investment grade credit rating.

Other Market Risks

EQM's \$1 Billion Facility is underwritten by a syndicate of financial institutions, each of which is obligated to fund its pro-rata portion of any borrowings by EQM. No one lender of the 19 financial institutions in the syndicate holds more than 10% of the facility. EQM's large syndicate group and relatively low percentage of participation by each lender is expected to limit EQM's exposure to problems or consolidation in the banking industry.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management of the EQM General Partner, including the EQM General Partner's Principal Executive Officer and Principal Financial Officer, an evaluation of EQM's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) was conducted as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer of the EQM General Partner concluded that EQM's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the third quarter of 2017 that have materially affected, or are reasonably likely to materially affect, EQM's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, various legal and regulatory claims and proceedings are pending or threatened against EQM. While the amounts claimed may be substantial, EQM is unable to predict with certainty the ultimate outcome of such claims and proceedings. EQM accrues legal and other direct costs related to loss contingencies when actually incurred. EQM has established reserves it believes to be appropriate for pending matters and, after consultation with counsel and giving appropriate consideration to available insurance, EQM believes that the ultimate outcome of any matter currently pending against it will not materially affect its business, financial condition, results of operations, liquidity or ability to make distributions.

Item 1A. Risk Factors

Information regarding risk factors is discussed in Item 1A, “Risk Factors” of EQM’s Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes from the risk factors previously disclosed in EQM’s Annual Report on Form 10-K.

Item 6. Exhibits

Exhibit Number	Description	Method of Filing
10.1	<u>Second Amended and Restated Credit Agreement, dated as of July 31, 2017, by and among EQT Midstream Partners, LP, Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender and an L/C Issuer, and the other lenders party thereto.</u>	<u>Incorporated herein by reference to Exhibit 10.1 to Form 8-K (#001-35574) filed on August 3, 2017.</u>
31.1	<u>Rule 13(a)-14(a) Certification of Principal Executive Officer.</u>	<u>Filed herewith as Exhibit 31.1.</u>
31.2	<u>Rule 13(a)-14(a) Certification of Principal Financial Officer.</u>	<u>Filed herewith as Exhibit 31.2.</u>
32	<u>Section 1350 Certification of Principal Executive Officer and Principal Financial Officer.</u>	<u>Furnished herewith as Exhibit 32.</u>
101	Interactive Data File.	Filed herewith as Exhibit 101.

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.

EQT Midstream
Partners, LP
(Registrant)

By: EQT
Midstream
Services,
LLC, its
General
Partner

By: /s/ Robert
J. McNally
Robert J.
McNally
Senior
Vice
President
and Chief
Financial
Officer

Date: October 26, 2017

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