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

FORM 10-K

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

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

or

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 001-35574

EQM 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.)

2200 Energy Drive, Canonsburg, Pennsylvania 15317
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: **(724) 271-7600**

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

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Units Representing Limited Partner Interests	EQM	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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 Website, 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 Act). Yes ☐ No ☒

The aggregate market value of the Common Units held by non-affiliates of the registrant as of June 28, 2019: $3.7 billion

At January 31, 2020, there were 200,457,630 Common Units and 7,000,000 Class B Units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
None

EQM MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
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Glossary of Commonly Used Terms, Abbreviations and Measurements

adjusted EBITDA – a supplemental non-GAAP financial measure defined by EQM Midstream Partners, LP and its subsidiaries (collectively, EQM, we or us) as net income plus net interest expense, depreciation, amortization of intangible assets, impairment of long-lived assets, Preferred Interest (as defined below) payments, non-cash long-term compensation expense and separation and other transaction costs, less equity income, AFUDC (as defined below) – equity, adjusted EBITDA attributable to noncontrolling interests and adjusted EBITDA of assets prior to acquisition.

Allowance for Funds Used During Construction (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.

Appalachian Basin – the area of the United States composed of those portions of West Virginia, Pennsylvania, Ohio, Maryland, Kentucky and Virginia that lie in the Appalachian Mountains.

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

Code – the U.S. Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

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, ongoing maintenance capital expenditures net of expected reimbursements and cash distributions earned by Series A Preferred Unit holders. The impact of noncontrolling interests is also excluded from the calculation of the adjustment items to distributable cash flow.

Distribution – the distribution of 80.1% of the then outstanding shares of common stock, no par value, of Equitrans Midstream (as defined below) (Equitrans Midstream common stock) to EQT (as defined below) shareholders of record as of the close of business on November 1, 2018.

EQGP - EQGP Holdings, LP (formerly known as EQT GP Holdings, LP) and its subsidiaries.

Equitrans Midstream - Equitrans Midstream Corporation (NYSE: ETRN) and its subsidiaries.

Equitrans Midstream's Disclosure Document – Equitrans Midstream's 2020 Proxy Statement or amendment to its Annual Report on Form 10-K for the year ended December 31, 2019, as applicable, in each case, as filed or to be filed with the SEC (as defined below).

EQT - EQT Corporation (NYSE: EQT) and its subsidiaries.

EQT Omnibus Agreement – the agreement, as amended and restated, entered into among EQM, its former general partner and EQT in connection with the Separation to memorialize certain indemnification obligations between EQM and EQT.

Equitrans Midstream Omnibus Agreement – the agreement, as amended and restated, entered into among EQM, its general partner, for limited purposes, EQM's former general partner and Equitrans Midstream in connection with the Separation (as defined below), pursuant to which, among other things, EQM agreed to provide Equitrans Midstream with a license to use the name "Equitrans" and related marks in connection with Equitrans Midstream's business, and Equitrans Midstream agreed to provide EQM with, and EQM agreed to reimburse Equitrans Midstream for, certain general and administrative services.

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

firm reservation fee revenues - contractually obligated revenues that include fixed monthly charges under firm contracts and fixed volumetric charges under MVC (defined below) contracts.

gas – natural gas.

liquefied natural gas (LNG) – natural gas that has been cooled to minus 161 degrees Celsius for transportation, typically by ship. The cooling process reduces the volume of natural gas by 600 times.

local distribution company (LDC) – LDCs are companies involved in the delivery of natural gas to consumers within a specific geographic area.

Minimum volume commitments (MVC or MVCs) - contracts for gathering or water services that obligate the customer to pay for a fixed amount of volumes either monthly, annually or over the life of the contract.

Mountain Valley Pipeline (MVP) – an estimated 300 mile, 42-inch diameter natural gas interstate pipeline with a targeted capacity of 2.0 Bcf per day that will span from EQM's existing transmission and storage system in Wetzel County, West Virginia to Pittsylvania County, Virginia, providing access to the growing Southeast demand markets.

Mountain Valley Pipeline, LLC (MVP Joint Venture) – a joint venture among EQM and, as applicable, affiliates of each of NextEra Energy, Inc., Consolidated Edison, Inc. (Con Edison), AltaGas Ltd. and RGC Resources, Inc. that is constructing the MVP and the MVP Southgate.

MVP Southgate – a proposed 75-mile interstate pipeline that will extend from the MVP at Pittsylvania County, Virginia to new delivery points in Rockingham and Alamance Counties, North Carolina.

natural gas liquids (NGLs) - those hydrocarbons in natural gas that are separated from the gas as liquids through the process of absorption, condensation, adsorption, or other methods in gas processing plants. Natural gas liquids include ethane, propane, butane and iso-butane.

play – a proven geological formation that contains commercial amounts of hydrocarbons.

Predecessor period – the periods prior to the Separation Date (defined below).

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

receipt point – the point where gas is received by or into a gathering system or transmission pipeline.

reservoir – a porous and permeable underground formation containing an individual and separate natural accumulation of producible hydrocarbons (crude oil and/or natural gas) which is confined by impermeable rock or water barriers and is characterized by a single natural pressure system.

Rice Merger – On November 13, 2017 (the Rice Merger Date), pursuant to the agreement and plan of merger dated June 19, 2017 by and among EQT, Rice Energy Inc. (Rice Energy) and a wholly-owned subsidiary of EQT (EQT Merger Sub), Rice Energy became a wholly-owned, indirect subsidiary of EQT.

RMP – RM Partners LP (formerly known as Rice Midstream Partners LP) and its subsidiaries.

Separation – the separation of EQT's midstream business, which was composed of the separately-operated natural gas gathering, transmission and storage and water services operations of EQT (the Midstream Business), from EQT's upstream business, which was composed of the natural gas, oil and natural gas liquids development, production and sales and commercial operations of EQT, which occurred on the Separation Date (defined below).

Separation Date – November 12, 2018.

Successor period – the period from the Separation Date thereafter.

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

wellhead – the equipment at the surface of a well used to control the well's pressure and the point at which the hydrocarbons and water exit the ground.

working gas – the volume of natural gas in the storage reservoir that can be extracted during the normal operation of the storage facility.

Unless context otherwise requires, a reference to a “Note” herein refers to the accompanying Notes to Consolidated Financial Statements contained in "Item 8. Financial Statements and Supplementary Data."

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Abbreviations
ADIT - Accumulated Deferred Income Taxes
ARO – asset retirement obligations
ASU – Accounting Standards Update
CERCLA – Comprehensive Environmental Response, Compensation and Liability Act
DOT – U.S. Department of Transportation
EPA - U.S. Environmental Protection Agency
FASB – Financial Accounting Standards Board
FERC – U.S. Federal Energy Regulatory Commission
GAAP – U.S. Generally Accepted Accounting Principles
GHG – greenhouse gas
HCA - high consequence area
IDRs – incentive distribution rights
IPO – initial public offering
IRS – U.S. Internal Revenue Service
NAAQS – National Ambient Air Quality Standards
NGA – Natural Gas Act of 1938
NGPA – Natural Gas Policy Act of 1978
NYMEX – New York Mercantile Exchange
NYSE – New York Stock Exchange
PHMSA – Pipeline and Hazardous Materials Safety Administration of the DOT
RCRA – Resource Conservation and Recovery Act
SEC – U.S. Securities and Exchange Commission

Measurements
Btu = one British thermal unit
BBtu = billion British thermal units
Bcf = billion cubic feet
Mcf = thousand cubic feet
MMBtu = million British thermal units
MMcf = million cubic feet
MMgal = million gallons

EQM MIDSTREAM PARTNERS, LP

Cautionary Statements

Disclosures in this Annual Report on Form 10-K contain certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the Securities Act of 1933, as amended (the Securities Act). 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," "project," "intend," "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 Annual Report on Form 10-K include the matters discussed in sections "Strategy" in "Item 1. Business" and "Outlook" in "Item 7. 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 and its subsidiaries, including:

- guidance regarding EQM's gathering, transmission and storage and water service revenue and volume growth, including the anticipated effects associated with the EQT Global GGA (as defined in Note 19);
- projected revenue (including from firm reservation fees) and expenses, and the effect on projected revenue associated with the EQT Global GGA;
- the weighted average contract life of gathering, transmission and storage contracts;
- infrastructure programs (including the timing, cost, capacity and sources of funding with respect to gathering, transmission and storage and water expansion projects);
- the cost, capacity, timing of regulatory approvals, final design and targeted in-service dates of current projects;
- the ultimate terms, partners and structure of the MVP Joint Venture and ownership interests therein;
- expansion projects in EQM's operating areas and in areas that would provide access to new markets;
- EQM's ability to provide produced water handling services and realize expansion opportunities and related capital avoidance;
- EQM's ability to identify and complete acquisitions and other strategic transactions, including the proposed EQM Merger (as defined in Note 19) and joint ventures, effectively integrate transactions (including Eureka Midstream Holdings, LLC and Hornet Midstream Holdings, LLC) into EQM's operations, and achieve synergies, system optionality and accretion associated with transactions, including through increased scale;
- EQM's ability to access commercial opportunities and new customers for its water services business, and the timing and final terms of any definitive water services agreement between EQT and EQM related to the Water Services Letter Agreement (as defined in Note 19);
- any further credit rating impacts associated with MVP, customer credit ratings changes, including EQT's, and defaults, acquisitions and financings and any further changes in Equitrans Midstream's and EQM’s respective credit ratings;
- distribution amounts, timing and rates, including the effect thereon of completion of the MVP project and expected changes announced in connection with the execution of the EQM Merger Agreement (defined in Note 19);
- the timing of the consummation of the EQM Merger (defined in Note 19);
- the timing and amount of future issuances or repurchases of securities, including in connection with the EQM Merger;
- effects of conversion of EQM securities into Merger Consideration (defined in Note 19) or Equitrans Midstream Preferred Shares (defined in Note 19), as applicable, in connection with the EQM Merger;
- effects of seasonality;
- expected cash flows and MVCs, including those associated with the EQT Global GGA and any definitive agreement between EQT and EQM related to the Water Services Letter Agreement;
- capital commitments;

- projected capital contributions and capital and operating expenditures, including the amount and timing of reimbursable capital expenditures, capital budget and sources of funds for capital expenditures;
- distribution amounts, timing and rates, including the effect thereon of completion of the MVP project;
- the effect and outcome of pending and future litigation and regulatory proceedings;
- changes in commodity prices and the effect of commodity prices on EQM's business;
- liquidity and financing requirements, including sources and availability;
- interest rates;
- EQM’s and its subsidiaries’ respective abilities to service debt under, and comply with the covenants contained in, their respective credit agreements, including obtaining modifications to such covenants;
- expectations regarding production volumes in EQM's areas of operations;
- EQM’s ability to achieve the anticipated benefits associated with the execution of the EQT Global GGA, the EQM Merger Agreement and related agreements; and
- the effects of government regulation; and tax status and position.

The forward-looking statements included in this Annual Report on Form 10-K 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 the current expectations and assumptions of the management of EQM's general partner 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 businesses and forward-looking statements include, but are not limited to, those set forth under "Item 1A. Risk Factors," and elsewhere in EQM's Annual Report on Form 10-K.

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, unless required by securities law, whether as a result of new information, future events or otherwise.

PART I

Item 1. Business

The consolidated financial statements of EQM have been retrospectively recast to include the pre-acquisition results of EQM Olympus Midstream LLC (EQM Olympus), Strike Force Midstream Holdings LLC (Strike Force) and EQM West Virginia Midstream LLC (EQM WV), which were acquired by EQM effective on May 1, 2018 (the Drop-Down Transaction), and RMP, which was acquired by EQM effective on July 23, 2018 (the EQM-RMP Merger), because these transactions were between entities under common control. All references in this Annual Report on Form 10-K to "EQM" refer to EQM in its individual capacity or to EQM and its consolidated subsidiaries, as the context requires. All references in this Annual Report on Form 10-K to "Equitrans Midstream" refer to Equitrans Midstream Corporation in its individual capacity or to Equitrans Midstream and its consolidated subsidiaries, as the context requires.

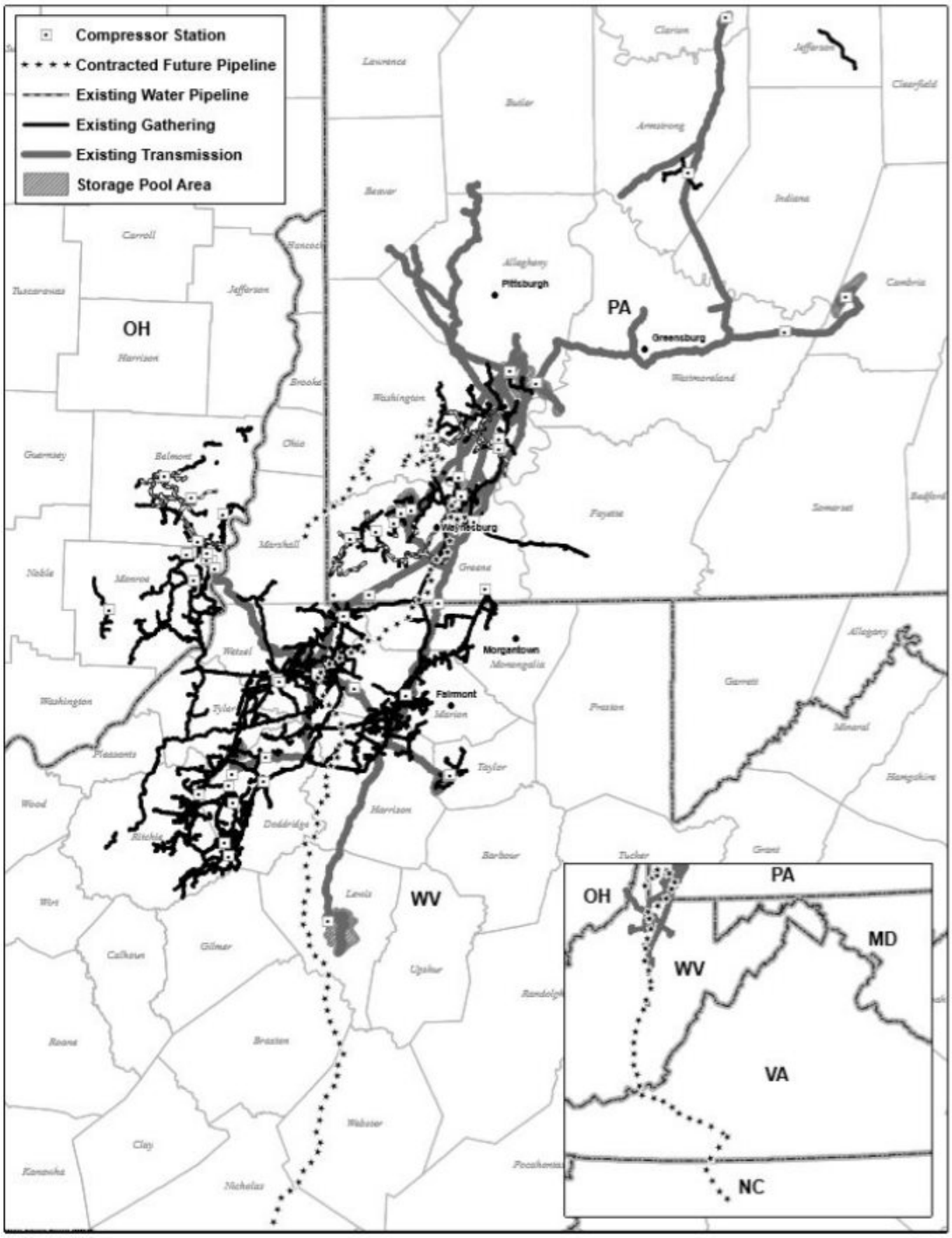
Overview of Operations

EQM Midstream Partners, LP (NYSE: EQM) is a growth-oriented limited partnership that operates, acquires and develops midstream assets in the Appalachian Basin. EQM is one of the largest natural gas gatherers in the U.S. and holds a significant transmission footprint in the Appalachian Basin. EQM provides midstream services to its customers in Pennsylvania, West Virginia and Ohio through its three primary assets: the gathering system, which delivers natural gas from wells and other receipt points to transmission pipelines; the transmission and storage system, which delivers natural gas to local demand users and long-haul interstate pipelines for access to demand markets; and the water service system, which consists of water pipelines, impoundment facilities, pumping stations, take point facilities and measurement facilities that support well completion activities and collect flowback and produced water for recycling or disposal.

As of December 31, 2019, EQM provided a majority of its natural gas gathering, transmission and storage services under long-term, firm contracts that generally include fixed monthly reservation fees. At the EQT Global GGA Effective Time, the 15-year EQT Global GGA superseded 14 gathering agreements with EQT that provided for firm reservation fees under firm contracts and a new 3.0 Bcf per day MVC, which increases gradually after the in-service date of the MVP project. This contract structure enhances the stability of EQM's cash flows and limits its direct exposure to commodity price risk. For the year ended December 31, 2019, approximately 58% of EQM's revenues were generated from firm reservation fees. Based on total projected contractual revenues, including projected contractual revenues from future capacity expected from expansion projects that are not yet fully constructed for which EQM has executed firm contracts, EQM's firm gathering contracts and firm transmission and storage contracts had weighted average remaining terms of approximately 11 years and 14 years, respectively, as of December 31, 2019.

EQM's operations are focused primarily in southwestern Pennsylvania, northern West Virginia and southeastern Ohio, which are strategic locations in the natural gas shale plays known as the Marcellus and Utica Shales. These regions are also the primary operating areas of EQT, EQM's largest customer and a related party as of December 31, 2019. EQT accounted for approximately 69% of EQM's revenues for the year ended December 31, 2019.

The following is a map of EQM's gathering, transmission and storage and water services operations as of December 31, 2019.



2019 Developments

- Average daily gathering throughput volumes increased 20.9% from 6,489 BBtu per day for the year ended December 31, 2018 to 7,844 BBtu per day for the year ended December 31, 2019 due largely to the Bolt-on Acquisition described below.

- *EQM IDR Transaction*. On February 22, 2019, Equitrans Midstream and EQM completed a simplification transaction pursuant to that certain Agreement and Plan of Merger, dated as of February 13, 2019 (the IDR Merger Agreement), by and among Equitrans Midstream, EQM and certain related parties, pursuant to which, among other things, (i) Equitrans Merger Sub, LP, a party to the IDR Merger Agreement, merged with and into EQGP (the Merger) with EQGP continuing as the surviving limited partnership and a wholly-owned subsidiary of EQM following the Merger, and (ii) each of (a) the IDRs in EQM, (b) the economic portion of the general partner interest in EQM and (c) the issued and outstanding EQGP common units representing limited partner interests in EQGP were canceled, and, as consideration for such cancellation, certain affiliates of Equitrans Midstream received on a pro rata basis 80,000,000 newly-issued EQM common units and 7,000,000 newly-issued Class B units (Class B units), both representing limited partner interests in EQM, and EQGP Services, LLC retained the non-economic general partner interest in EQM (the EQM IDR Transaction). Additionally, as part of the EQM IDR Transaction, the 21,811,643 EQM common units held by EQGP were canceled and 21,811,643 EQM common units were issued pro rata to certain affiliates of Equitrans Midstream. See Note 6 for further information on the EQM IDR Transaction and Class B Units. As a result of the EQM IDR Transaction, EQGP Services, LLC (the EQM General Partner) replaced EQM Midstream Services, LLC as our new general partner. See Note 19 related to the treatment of the Class B units in connection with the EQM Merger.

- *Bolt-on Acquisition.* On March 13, 2019, EQM entered into a Purchase and Sale Agreement (the Purchase and Sale Agreement) with North Haven Infrastructure Partners II Buffalo Holdings, LLC (NHIP), an affiliate of Morgan Stanley Infrastructure Partners, pursuant to which EQM acquired from NHIP a 60% Class A interest in Eureka Midstream Holdings, LLC (Eureka Midstream) and a 100% interest in Hornet Midstream Holdings, LLC (Hornet Midstream) (collectively, the Bolt-on Acquisition). At the time of the acquisition, Eureka Midstream owned a 190-mile gathering header pipeline system in Ohio and West Virginia that services both dry Utica and wet Marcellus Shale production. Hornet Midstream owns a 15-mile, high-pressure gathering system in West Virginia that connects to the Eureka Midstream system. The Bolt-on Acquisition closed on April 10, 2019. See Note 2 for further information on the Bolt-on Acquisition.

- *Series A Preferred Unit issuance.* On March 13, 2019, EQM entered into a Convertible Preferred Unit Purchase Agreement (inclusive of certain Joinder Agreements entered into on March 18, 2019, the Preferred Unit Purchase Agreement) with certain investors to issue and sell in a private placement (the Private Placement) an aggregate of 24,605,291 Series A Perpetual Convertible Preferred Units (Series A Preferred Units) representing limited partner interests in EQM for a cash purchase price of $48.77 per Series A Preferred Unit, resulting in total gross proceeds of approximately $1.2 billion. The net proceeds from the Private Placement were used in part to fund the purchase price in the Bolt-on Acquisition and to pay certain fees and expenses related to the Bolt-on Acquisition, and the remainder was used for general partnership purposes. The Private Placement closed concurrently with the closing of the Bolt-on Acquisition on April 10, 2019. See Notes 1 and 6 for further information regarding the Series A Preferred Units. See Note 19 related to the treatment of the Series A Preferred Units in connection with the EQM Merger.

- *2019 EQM Term Loan Agreement.* In August 2019, EQM entered into a term loan agreement that provided for unsecured term loans in an aggregate principal amount of $1.4 billion (the 2019 EQM Term Loan Agreement). The initial term loans provided under the 2019 EQM Term Loan Agreement mature in August 2022. EQM received net proceeds from the issuance of the initial term loans under the 2019 EQM Term Loan Agreement of $1,397.4 million, inclusive of debt issuance costs of $2.6 million. The net proceeds were primarily used to repay borrowings under EQM's $3 billion revolving credit facility (the $3 Billion Facility) and the remainder was used for general partnership purposes. See Note 12 for further information on the 2019 EQM Term Loan Agreement.

Transactions Announced on February 27, 2020

Agreement and Plan of Merger

On February 26, 2020, EQM, Equitrans Midstream, EQM LP Corporation, a Delaware corporation and a wholly-owned subsidiary of Equitrans Midstream (EQM LP), LS Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of EQM LP (Merger Sub), and the EQM General Partner entered into an Agreement and Plan of Merger (the EQM Merger Agreement), pursuant to which Merger Sub will merge with and into EQM (the EQM Merger), with EQM continuing and surviving as an indirect, wholly owned subsidiary of Equitrans Midstream following the EQM Merger. Following the EQM Merger, EQM will no longer be a publicly traded entity.

Under the terms of the EQM Merger Agreement, and subject to the satisfaction or waiver of certain conditions therein, at the effective time of the EQM Merger (the Effective Time), (i) each outstanding EQM common unit (each, an EQM Common Unit), other than EQM Common Units owned by Equitrans Midstream and its subsidiaries (each, a Public Common Unit), will be converted into the right to receive, subject to adjustment as described in the EQM Merger Agreement, 2.44 shares of Equitrans Midstream common stock, no par value (Equitrans Midstream common stock) (the Merger Consideration); (ii) (x) $600 million of the Series A Perpetual Convertible Preferred Units (each, a Series A Preferred Unit) issued and outstanding immediately prior to the Effective Time will be redeemed by EQM, and (y) the remaining portion of the Series A Preferred Units issued and outstanding immediately prior to the Effective Time will be exchanged for shares of a newly authorized and created series of preferred stock, without par value, of Equitrans Midstream, convertible into Equitrans Midstream common stock (the Equitrans Midstream Preferred Shares); and (iii) each outstanding phantom unit relating to an EQM Common Unit issued pursuant to the Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan, dated as of February 22, 2019 (the EQM LTIP), and any other award issued pursuant to the EQM LTIP, whether vested or unvested, will be converted into the right to receive, with respect to each EQM Common Unit subject thereto, the Merger Consideration (plus any accrued but unpaid amounts in relation to distribution equivalent rights), less applicable tax withholding. The interests in EQM owned by Equitrans Midstream and its subsidiaries (including the Class B units) will remain outstanding as limited partner interests in the surviving entity. The EQM General Partner will continue to own the non-economic general partner interest in the surviving entity. See Note 19 for more information on the EQM Merger.

EQT Global GGA

On February 26, 2020 (the EQT Global GGA Effective Date), a subsidiary of EQM, entered into a Gas Gathering and Compression Agreement (the EQT Global GGA) with EQT and certain affiliates of EQT for the provision by EQM of gas gathering services to EQT in the Marcellus and Utica Shales of Pennsylvania and West Virginia. Effective as of the EQT Global GGA Effective Date, EQT will be subject to an initial annual minimum volume commitment of 3.0 Bcf per day, in each case, for the term of the EQT Global GGA, subject to certain potential upward adjustments pursuant to the terms of EQT Global GGA, including in connection with the actual in-service date of the MVP project. The gathering fees in the three years following the MVP in-service date are subject to potential reductions under certain circumstances related to the in-service date of the MVP. The EQT Global GGA runs from the EQT Global GGA Effective Date through December 31, 2035, and will renew year to year thereafter unless terminated by EQT or EQM. In addition to the fees related to gathering services, the EQT Global GGA provides for potential cash bonus payments payable by EQT to EQM during the period beginning on the MVP in-service date until the earlier of (i) 36 months following the MVP in-service date or (ii) December 31, 2024. The potential cash bonus payments are conditioned upon the quarterly average of the NYMEX Henry Hub Natural Gas Spot Price exceeding certain price thresholds.

Following the MVP in-service date, the gathering fees payable by EQT to EQM (or its affiliates) set forth in the EQT Global GGA are subject to potential reductions for certain contract years set forth in the EQT Global GGA, conditioned upon the in-service date of the MVP, which provide for estimated aggregate fee relief of $270 million in the first year after the in-service date of the MVP, $230 million in the second year after the in-service date of the MVP, and $35 million in the third year after the in-service date of the MVP. In addition, if the MVP in-service date has not occurred by January 1, 2022, EQT has an option, exercisable for a period of twelve months, to forgo $145 million of the gathering fee relief in the first year after the MVP in-service date and $90 million of the gathering fee relief in the second year after the MVP in-service date in exchange for a cash payment from EQM to EQT in the amount of approximately $196 million.

Credit Letter Agreement

On February 26, 2020, EQM and EQT entered into a letter agreement (the Credit Letter Agreement) pursuant to which, among other things (a) EQM agreed to relieve certain credit posting requirements for EQT, in an amount up to approximately $250 million under its commercial agreements with EQM, subject to EQT maintaining a minimum credit rating from two of three rating agencies of (i) Ba3 with Moody's Investors Service (Moody's), (ii) BB- with S&P Global Ratings (S&P) and (iii) BB- with Fitch Investor Services (Fitch) and (b) EQM agreed to use commercially reasonable good faith efforts to negotiate similar credit support arrangements for EQT in respect of its commitments to the MVP Joint Venture. See also Note 18 for additional information on the Credit Letter Agreement entered into in connection with the EQT Global GGA.

Water Services Letter Agreement

On February 26, 2020, EQM entered into a letter agreement with EQT, pursuant to which EQT agreed to utilize EQM for the provision of water services under one or more water services agreements (the Water Services Letter Agreement). The Water Services Letter Agreement is effective as of the first day of the first month following the MVP in-service date and shall expire on the fifth anniversary of such date. During each year of the Water Services Letter Agreement, EQT agreed that fees incurred to EQM for services pursuant to the Water Services Letter Agreement shall be equal to or greater than $60 million per year.

Intercompany Loan Agreement

Equitrans Midstream intends to enter into a senior unsecured term loan agreement (the Intercompany Loan Agreement) by and between EQM, as lender, and Equitrans Midstream, as borrower, pursuant to which Equitrans Midstream will borrow the stated principal amount of $650 million (the Intercompany Loan) from EQM. The Intercompany Loan Agreement is expected to close in early March 2020 and has an anticipated maturity date in March 2023. It is anticipated that EQM will have the option to accelerate the maturity of the Intercompany Loan upon Equitrans Midstream's failure to pay interest and other obligations as they become due (subject to certain specified grace periods) and upon other customary events of default. It is anticipated that interest on the Intercompany Loan thereunder will accrue and will be payable semi-annually in arrears starting in September 2020 at an interest rate of 7.0% per annum, subject to an additional 2.0% per annum during the occurrence and continuance of certain events of default. See Note 18 for a description of the Intercompany Loan. EQM expects to borrow under its $3 Billion Facility (as defined in Note 12) in order to source funds for making the loan to Equitrans Midstream in connection with the Intercompany Loan Agreement.

Preferred Restructuring Agreement

On February 26, 2020, Equitrans Midstream and EQM entered into a Preferred Restructuring Agreement (the Restructuring Agreement) with all of the holders of Series A Preferred Units (collectively, the Investors), pursuant to which (i) EQM will redeem $600 million of the Investor's Series A Preferred Units issued and outstanding immediately prior to the Effective Time of the EQM Merger and (ii) the remaining portion of the Series A Preferred Units issued and outstanding immediately prior to the effective time of the EQM Merger will be exchanged for Equitrans Midstream Preferred Shares on a one for one basis (the Equitrans Midstream Private Placement), in each case, in connection with the occurrence of the "Series A Change of Control" (as defined in the Partnership Agreement) that will occur upon the closing of the EQM Merger (the Restructuring). The Equitrans Midstream Preferred Shares to be issued in the Equitrans Midstream Private Placement have not been registered under the Securities Act of 1933, as amended (the Securities Act), in reliance upon the exemption provided in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

The Restructuring is expected to close substantially concurrent with the closing of the EQM Merger (the Restructuring Closing), subject to the delivery of certain closing deliverables and certain closing conditions. See Note 19 for additional information on the Restructuring Agreement and the Equitrans Midstream Private Placement.

Share Purchase Agreements

On February 26, 2020, Equitrans Midstream entered into two share purchase agreements (the Share Purchase Agreements) with EQT, pursuant to which (i) Equitrans Midstream will purchase 4,769,496 shares of Equitrans Midstream common stock (the Cash Shares) from EQT in exchange for approximately $46 million in cash, (ii) Equitrans Midstream will purchase 20,530,256 shares of Equitrans Midstream common stock (the Rate Relief Shares and, together with the Cash Shares, the Share Purchases) from EQT in exchange for a promissory note (the Rate Relief Note) representing approximately $196 million in aggregate principal amount, and (iii) Equitrans Midstream will pay to EQT cash in the amount of approximately $7 million. At the Share Purchase Closing, (as defined in Note 19), EQT will assign the Rate Relief Note to EQM as consideration for certain commercial terms, including potential reductions in the gathering fees, contemplated in the EQT Global GGA. See Note 19 for additional information on the Share Purchase Agreements.

Business Segments

EQM reports its operations in three segments that reflect its three lines of business: Gathering, Transmission and Water. These segments include all of EQM's operations. For discussion of the composition of the three segments, see Notes 1 and 7.

The three business segments correspond to EQM's three primary assets: the gathering system, transmission and storage system and water system. The following table summarizes the composition of EQM's operating revenue by business segment.

	Years Ended December 31,		
	2019	**2018**	**2017**
Gathering operating revenues	71%	67%	57%
Transmission operating revenues	24%	26%	42%
Water operating revenues	5%	7%	1%

EQM's Assets

Gathering assets. As of December 31, 2019, EQM's gathering system, inclusive of Eureka Midstream's gathering system, included approximately 990 miles of high-pressure gathering lines and 130 compressor units with compression of approximately 445,000 horsepower and multiple interconnect points with EQM's transmission and storage system and other interstate pipelines. EQM's gathering system also included approximately 920 miles of FERC-regulated, low-pressure gathering lines. During the third quarter of 2019, EQM divested certain of its FERC-regulated low-pressure gathering pipelines associated with its Copley gathering system located in West Virginia. See Note 2 for further discussion.

Transmission and Storage assets. As of December 31, 2019, EQM's transmission and storage system included approximately 950 miles of FERC-regulated, interstate pipelines that have interconnect points to seven interstate pipelines and multiple LDCs. As of December 31, 2019, the transmission and storage system was supported by 39 compressor units, with total throughput capacity of approximately 4.4 Bcf per day and compression of approximately 135,000 horsepower, and 18 associated natural gas storage reservoirs, which had a peak withdrawal capacity of approximately 900 MMcf per day and a working gas capacity of approximately 43 Bcf.

Water assets. As of December 31, 2019, EQM's water system included approximately 180 miles of pipeline that deliver fresh water from the Monongahela River, the Ohio River, local reservoirs and several regional waterways. In addition, as of December 31, 2019, the water system assets included 28 fresh water impoundment facilities.

Strategy

EQM’s assets overlay core acreage in the Appalachian Basin. The location of EQM’s assets provide a key link between supply and major demand markets in the U.S. EQM is one of the largest natural gas gatherers in the U.S., and its largest customer, EQT, is the largest natural gas producer in the U.S. based on produced volumes as of December 31, 2019. EQM maintains a stable cash flow profile, with approximately 58% of its revenue for the year ended December 31, 2019 generated by firm reservation fees.

EQM’s principal strategy is to achieve the scale and scope of a top-tier midstream company by leveraging its existing assets and planned growth projects and seeking and executing on strategically-aligned acquisition and joint venture opportunities, while maintaining disciplined capital spending and operating cost control. As part of its approach to organic growth, EQM is focused on building and completing its key transmission and gathering growth projects outlined below, many of which are supported by contracts with firm capacity commitments. Additionally, EQM is targeting growth from volumetric gathering and transmission and storage opportunities and from its water services business, which is complementary to its gathering business and potentially creates opportunities to expand EQM's existing asset footprint. EQM’s focus on execution of its organic projects, coupled with disciplined capital spending and operating cost control, is complemented by EQM’s willingness to seek, evaluate and execute on strategically-aligned acquisition and joint venture opportunities. EQM believes that this approach will enable EQM to achieve its strategic goals.

On February 27, 2020, EQM announced its intention to reduce its quarterly distribution from $1.16 per unit to $0.3875 per unit, a decrease of approximately 67% per unit, in connection with the announcement of the EQM Merger, commencing with the first quarter 2020 distribution. The decrease in EQM's quarterly distribution reflects a financial and distribution policy that is designed to deliver highly predictable revenues and substantial cash flows after total capital expenditures and distributions.

EQM expects that the following expansion projects will be its primary organic growth drivers:

- *Mountain Valley Pipeline*. The MVP Joint Venture is a joint venture among EQM and affiliates of each of NextEra Energy, Inc., Con Edison, AltaGas Ltd. and RGC Resources, Inc. that is tasked with constructing the MVP. As of December 31, 2019, EQM owned a 45.5% interest in the MVP project and will operate the MVP. The MVP is an estimated 300-mile, 42-inch diameter natural gas interstate pipeline with a targeted capacity of 2.0 Bcf per day that will span from EQM's existing transmission and storage system in Wetzel County, West Virginia to Pittsylvania County, Virginia, providing access to the growing southeast demand markets. During the twelve months ended December 31, 2019, EQM made capital contributions of approximately $755 million to the MVP Joint Venture for the MVP project. In 2020, EQM expects to make capital contributions of approximately $650 million to $700 million to the MVP Joint Venture for purposes of the MVP. The MVP Joint Venture has secured a total of 2.0 Bcf per day of firm capacity commitments at 20-year terms and additional shippers have expressed interest in the MVP project. The MVP Joint Venture is evaluating an expansion opportunity that could add approximately 0.5 Bcf per day of capacity through the installation of incremental compression and is also evaluating other future pipeline extension projects.

  In October 2017, the FERC issued the Certificate of Public Convenience and Necessity for the MVP. In the first quarter of 2018, the MVP Joint Venture received limited notice to proceed with certain construction activities from the FERC and commenced construction. As discussed under "***The regulatory approval process for the construction of new midstream assets is challenging, and recent decisions by regulatory and judicial authorities in pending***

proceedings could impact our or the MVP Joint Venture's ability to obtain all approvals and authorizations necessary to complete certain projects on the projected time frame or at all or our ability to achieve the expected investment returns on the projects" included in "Item 1A. Risk Factors — Risks Inherent in Our Business," there are pending legal and regulatory challenges to certain aspects of the MVP project that must be resolved before the MVP project can be completed. The MVP Joint Venture is working through several alternatives to resolve these challenges, including through a land exchange proposal submitted to the federal government. In connection with the United States Supreme Court's determination to accept the *Cowpasture River Preservation Association* case (see "Item 3. Legal Proceedings") and the resolution of remaining legal and regulatory components, EQM is targeting a late 2020 full in-service date at an overall project cost of $5.3 billion to $5.5 billion, excluding AFUDC. EQM is expected to fund approximately $2.7 billion (inclusive of the Con Edison cap described below) of the overall project cost, including approximately $105 million to $120 million in excess of EQM's ownership interest. See the discussion of the litigation and regulatory-related delays effecting the completion of the MVP set forth in "Item 3. Legal Proceedings."

On November 4, 2019, Con Edison exercised an option to cap its investment in the MVP project at approximately $530 million (excluding AFUDC). EQM and NextEra Energy, Inc. are obligated, and RGC Resources, Inc., another member of the MVP Joint Venture owning an interest in the MVP project, has opted to fund the shortfall in Con Edison's capital contributions, on a pro rata basis. As a result, EQM expects to fund an additional $86 million (excluding AFUDC) in capital contributions to the MVP Joint Venture. Any funding by EQM and other members will correspondingly increase their respective interests in the MVP project and decrease Con Edison's interest in the MVP project. As a result, EQM's ownership equity in the MVP project will progressively increase from 45.5% to approximately 47.0%.

- *Wellhead Gathering Expansion and Hammerhead Projects.* During the twelve months ended December 31, 2019, EQM invested approximately $785 million in gathering expansion projects. In 2020, EQM expects to invest approximately $500 million in gathering expansion projects (inclusive of expected capital expenditures related to noncontrolling interests in Eureka Midstream), including the continued gathering infrastructure expansion of core development areas in the Marcellus and Utica Shales, in southwestern Pennsylvania, eastern Ohio and northern West Virginia, for EQT, Range Resources Corporation (Range Resources) and other producers, and the Hammerhead project, a 1.6 Bcf per day gathering header pipeline that is primarily designed to connect natural gas produced in Pennsylvania and West Virginia to the MVP and is supported by a 20-year term, 1.2 Bcf per day, firm capacity commitment from EQT. The Hammerhead project is expected to cost approximately $555 million. During the twelve months ended December 31, 2019, EQM invested approximately $300 million in the Hammerhead project. The Hammerhead project is expected to become operational in the second quarter of 2020 and will provide interruptible service until the MVP is placed in-service, at which time the firm capacity commitment will begin. The Hammerhead project has a targeted full in-service date of late 2020.

- *MVP Southgate Project.* In April 2018, the MVP Joint Venture announced the MVP Southgate project, a proposed 75-mile interstate pipeline that will extend from the MVP at Pittsylvania County, Virginia to new delivery points in Rockingham and Alamance Counties, North Carolina. The MVP Southgate project is backed by a 300 MMcf per day firm capacity commitment from Dominion Energy North Carolina. As designed, the MVP Southgate project has expansion capabilities that could provide up to 900 MMcf per day of total capacity. The MVP Southgate project is estimated to cost a total of approximately $450 million to $500 million, which is expected to be spent primarily in 2020 and 2021. EQM is expected to fund approximately $225 million of the overall project cost. During the twelve months ended December 31, 2019, EQM made capital contributions of approximately $19 million to the MVP Joint Venture for the MVP Southgate project. In 2020, EQM expects to make capital contributions of approximately $50 million to the MVP Joint Venture for the MVP Southgate project. EQM will operate the MVP Southgate pipeline and, as of December 31, 2019, owned a 47.2% interest in the MVP Southgate project. The MVP Joint Venture submitted the MVP Southgate certificate application to the FERC in November 2018. The Final Environmental Impact Statement for the MVP Southgate project was issued on February 14, 2020. The schedule also identifies May 14, 2020 as the deadline for other agencies to act on other federal authorizations required for the project (the FERC, however, is not subject to this deadline). Subject to approval by the FERC and other regulatory agencies, the MVP Southgate project is expected to be placed in-service in 2021.

- *Transmission Expansion*. During the twelve months ended December 31, 2019, EQM invested approximately $45 million in transmission expansion projects. In 2020, EQM expects to invest approximately $60 million in transmission expansion projects, primarily attributable to the Allegheny Valley Connector (AVC), the Equitrans, L.P. Expansion project (EEP), which is designed to provide north-to-south capacity on the mainline Equitrans, L.P. system, including for deliveries to the MVP, and power plant projects. A portion of EEP commenced operations with interruptible service in the third quarter of 2019. EEP will provide capacity of approximately 600 MMcf per day and offers access to several markets through interconnects with Texas Eastern Transmission, Dominion Transmission and Columbia Gas

Transmission. EEP will also provide delivery into the MVP and once the MVP is placed in service, firm transportation agreements for 550 MMcf per day of capacity will commence under 20-year terms. EEP has a targeted full in-service date of late 2020.

- *Water Expansion.* During the twelve months ended December 31, 2019, EQM invested approximately $37 million in the expansion of its fresh water delivery infrastructure. In 2020, EQM expects to invest approximately $20 million in the expansion of its fresh water delivery infrastructure in Pennsylvania and Ohio.

Our Relationship with Equitrans Midstream

As a result of the Separation, Equitrans Midstream replaced EQT as our ultimate parent. Unlike EQT, Equitrans Midstream is a pure-play midstream company whose only cash-generating assets are its ownership interests in EQM.

Markets and Customers

EQM's two largest customers are EQT and its affiliates and PNG Companies LLC and its affiliates. EQT, the largest natural gas producer in the United States based on produced volumes as of December 31, 2019, accounted for approximately 69%, 74% and 74% of EQM's total revenues for the years ended December 31, 2019, 2018 and 2017, respectively. For the years ended December 31, 2019, 2018 and 2017, PNG Companies LLC and its affiliates, an LDC, accounted for approximately 7%, 7% and 11%, respectively, of EQM's total revenues, substantially all of which was included in Transmission.

Gathering Customers. For the year ended December 31, 2019, EQT accounted for approximately 72% of Gathering's revenues. Subject to certain exceptions and limitations, as of December 31, 2019, Gathering had acreage dedications (inclusive of acreage dedications to Eureka Midstream) through which EQM has the right to elect to gather all natural gas produced from wells under an area covering (i) approximately 244,000 gross acres in Pennsylvania pursuant to agreements with certain affiliates of EQT and other third parties, (ii) approximately 344,000 gross acres in Ohio pursuant to agreements with certain affiliates of EQT and other third parties and (iii) approximately 50,000 gross acres in West Virginia. In addition, as of December 31, 2019, Gathering had an acreage dedication of approximately 12,000 gross acres, with a producer option to expand towards approximately 30,000 gross acres, in Pennsylvania, pursuant to which EQM had the right to provide a proposal to gather all natural gas provided from wells under that area. On February 26, 2020, EQT and affiliates of EQT and EQM entered into the EQT Global GGA, consolidating 14 of the gas gathering agreements between EQT and EQM into a single global gas gathering agreement. See “EQT Global GGA” in Note 19 for additional information.

EQM provides gathering services in two manners: firm service and interruptible service. Firm service contracts are typically long-term and can include firm reservation fees, which are fixed, monthly charges for the guaranteed reservation of pipeline access. Revenues under firm reservation fees also include fixed volumetric charges under MVCs. As of December 31, 2019, the gathering system had total contracted firm reservation capacity (including contracted MVCs) of approximately 4.4 Bcf per day, which included contracted firm reservation capacity of approximately 1.0 Bcf per day associated with EQM's high-pressure header pipelines. Including future capacity expected from expansion projects that are not yet fully constructed for which EQM has executed firm contracts, the gathering system had total contracted firm reservation capacity (including contracted MVCs) of approximately 6.2 Bcf per day as of December 31, 2019, which included contracted firm reservation capacity of approximately 2.2 Bcf per day associated with EQM's high-pressure header pipelines. Volumetric-based fees can also be charged under firm contracts for each firm volume gathered as well as for volumes gathered in excess of the firm contracted volume, if system capacity exists. Based on total projected contractual revenues, including projected contractual revenues from future capacity expected from expansion projects that are not yet fully constructed for which EQM has executed firm contracts, EQM's firm gathering contracts had a weighted average remaining term of approximately 11 years as of December 31, 2019.

Interruptible service contracts include volumetric-based fees, which are charges for the volume of natural gas gathered and generally do not guarantee access to the pipeline. These contracts can be short- or long-term. On EQM's low-pressure FERC-regulated gathering system, the typical gathering agreement provides interruptible service and has a one-year term with month-to-month rollover provisions terminable upon at least 30 days' notice. The rates for gathering service on the FERC-regulated system are based on the maximum posted tariff rate and assessed on actual receipts into the gathering system.

EQM generally does not take title to the natural gas gathered for its customers but retains a percentage of wellhead gas receipts to recover natural gas used to power its compressor stations and meet other requirements on EQM's low- and high-pressure gathering systems.

Transmission Customers. For the year ended December 31, 2019, EQT accounted for approximately 65% of Transmission's throughput and approximately 56% of Transmission's revenues. As of December 31, 2019, Transmission had an acreage dedication from EQT through which EQM had the right to elect to transport all gas produced from wells drilled by EQT under an area covering approximately 60,000 acres in Allegheny, Washington and Greene Counties in Pennsylvania and Wetzel,

Marion, Taylor, Tyler, Doddridge, Harrison and Lewis Counties in West Virginia. For the year ended December 31, 2019, PNG Companies, LLC and its affiliates accounted for approximately 27% of Transmission's revenues. Other customers include LDCs, marketers, producers and commercial and industrial users. EQM's transmission and storage system provides customers with access to adjacent markets in Pennsylvania, West Virginia and Ohio and to the Mid-Atlantic, Northeastern, Midwestern and Gulf Coast markets through interconnect points with major interstate pipelines.

EQM provides transmission and storage services in two manners: firm service and interruptible service. Firm service contracts are typically long-term and can include firm reservation fees, which are fixed, monthly charges for the guaranteed reservation of pipeline and storage capacity. Volumetric-based fees can also be charged under firm contracts for firm volume transported or stored as well as for volumes transported or stored in excess of the firm contracted volume, if there is system capacity. Customers are not assured capacity or service for volumes in excess of the firm contracted volume as such volumes have the same priority as interruptible service. Including future capacity expected from expansion projects that are not yet fully constructed for which EQM has executed firm transmission contracts, approximately 5.3 Bcf per day of transmission capacity, excluding 2.0 Bcf per day of firm capacity commitments associated with the MVP, and 29.6 Bcf of storage capacity were subscribed under firm transmission and firm storage contracts, respectively, as of December 31, 2019. Based on total projected contractual revenues, including projected contractual revenues from future capacity expected from expansion projects that are not yet fully constructed for which EQM has executed firm contracts, EQM's firm transmission and storage contracts had a weighted average remaining term of approximately 14 years as of December 31, 2019.

Interruptible service contracts include volumetric-based fees, which are charges for the volume of natural gas transported and generally do not guarantee access to the pipeline or storage facility. These contracts can be short- or long-term. Customers with interruptible service contracts are not assured capacity or service on the transmission and storage systems. To the extent that capacity reserved by customers with firm service contracts is not fully used or excess capacity exists, the transmission and storage systems can allocate capacity to interruptible services. EQM generally does not take title to the natural gas transported or stored for its customers.

As of December 31, 2019, approximately 96% of Transmission's contracted firm transmission capacity was subscribed by customers under negotiated rate agreements under its tariff. Approximately 4% of Transmission's contracted firm transmission capacity was subscribed at discounted rates under its tariff, which are less than the maximum rates an interstate pipeline may charge for its services under its tariff. Transmission did not have any contracted firm transmission capacity subscribed at recourse rates under its tariff, which are the maximum rates an interstate pipeline may charge for its services under its tariff.

Water Customers. For the year ended December 31, 2019, EQT accounted for approximately 89% of Water's revenues. EQM has the exclusive right to provide fluid handling services to certain EQT operated wells until December 22, 2029 (and thereafter such right continues on a month-to-month basis) within areas of dedication in Washington and Greene Counties, Pennsylvania and Belmont County, Ohio, including the delivery of fresh water for well completion operations and the collection and recycling or disposal of flowback and produced water. EQM also provides water services to other customers operating in the Marcellus and Utica Shales. EQM's water service revenues are primarily generated under variable price per volume contracts. The fees charged by EQM are generally tiered and, thus, are lower on a per gallon basis once certain thresholds are met. See also “Water Services Letter Agreement” in Note 19 for additional information.

Competition

Key competitors for new natural gas gathering systems include companies that own major natural gas pipelines, independent gas gatherers and integrated energy companies. When compared to EQM or its customers, some of EQM's competitors have greater capital resources and access to, or control of, larger natural gas supplies.

Competition for natural gas transmission and storage is primarily based on rates, customer commitment levels, timing, performance, commercial terms, reliability, service levels, location, reputation and fuel efficiencies. EQM's principal competitors in its transmission and storage market include companies that own major natural gas pipelines in the Marcellus and Utica Shales. In addition, EQM competes with companies that are building high-pressure gathering facilities that are able to transport natural gas to interstate pipelines without being subject to FERC jurisdiction. Major natural gas transmission companies that compete with EQM also have storage facilities connected to their transmission systems that compete with certain of EQM's storage facilities.

Key competition for water services include natural gas producers that develop their own water distribution systems in lieu of employing EQM's water services assets and other natural gas midstream companies that offer water services. EQM's ability to attract customers to its water service business depends on its ability to evaluate and select suitable projects and to consummate transactions in a highly competitive environment.

Regulatory Environment

FERC Regulation. EQM's interstate natural gas transmission and storage operations are regulated by the FERC under the NGA, the NGPA and regulations, rules and policies promulgated under those and other statutes. Certain portions of EQM's gathering operations are also rate-regulated by the FERC in connection with its interstate transmission operations. EQM's FERC-regulated operations are pursuant to tariffs approved by the FERC that establish rates, cost recovery mechanisms and terms and conditions of service to its customers. Generally, the FERC's authority extends to:

- rates and charges for EQM's natural gas transmission and storage and FERC-regulated gathering services;
- certification and construction of new interstate transmission and storage facilities;
- abandonment of interstate transmission and storage services and facilities and certificated gathering facilities;
- maintenance of accounts and records;
- relationships between pipelines and certain affiliates;
- terms and conditions of services and service contracts with customers;
- depreciation and amortization policies;
- acquisitions and dispositions of interstate transmission and storage facilities; and
- initiation and discontinuation of interstate transmission and storage services.

The FERC regulates the rates and charges for transmission and storage in interstate commerce. Under the NGA, recourse rates charged by interstate pipelines must be just, reasonable and not unduly discriminatory or preferential.

The recourse rate that EQM may charge for its services is established through the FERC's cost-of-service ratemaking process. Generally, the maximum filed recourse rates for interstate pipelines are based on the cost of providing that service including recovery of and a return on the pipeline's actual prudent historical cost of investment. Key determinants in the ratemaking process include the depreciated capital costs of the facilities, the costs of providing service, the allowed rate of return and income tax allowance, as well as volume throughput and contractual capacity commitment assumptions. On March 15, 2018, the FERC issued an order generally disallowing master limited partnership (MLP)-owned pipelines from including an allowance for investor income tax liability in their cost-of-service based recourse rates. Under its prior policy, the FERC had permitted all interstate pipelines to include an income tax allowance in the cost-of-service used as the basis for calculating their regulated recourse rates. The new policy did not establish a binding rule automatically disallowing income tax allowances in current FERC-approved rates, but rather provided notice of the FERC's general policy and intended course of action in future proceedings. On July 18, 2018, the FERC issued an order directed at natural gas pipelines that clarified its March 15, 2018 order, stating that an MLP will not be precluded in a future proceeding from making a claim that it is entitled to an income tax allowance based on a demonstration that its recovery of an income tax allowance does not result in a "double-recovery of investors' income tax costs." The July 18, 2018 order also clarified the treatment of ADIT. Challenges to these orders are currently pending in a consolidated proceeding before the U.S. Court of Appeals for the District of Columbia Circuit. On October 17, 2018, an intervenor filed a motion to hold the proceeding in abeyance. On October 24, 2018, the FERC filed a motion to dismiss the proceeding. On January 31, 2019, the court denied the motion to hold the proceeding in abeyance and ordered that the motion to dismiss be referred to the panel to which the merits proceeding is assigned. Briefing on the merits concluded on February 19, 2020, and the court scheduled oral argument for April 3, 2020. EQM cannot currently predict when the court will act on the broader proceeding, or what actions the court may take.

Also, on July 18, 2018, the FERC issued Order No. 849, adopting regulations requiring that natural gas pipelines make a one-time report, Form 501-G. For MLP-owned pipelines, the Form 501-G report was to calculate, among other things, an earned rate of return on equity that addresses any potential over-recovery of their cost of service arising from the general disallowance of the income tax allowance and the ADIT clarification. On December 28, 2018, Equitrans, L.P., EQM's FERC-regulated subsidiary, filed its Form 501-G with the FERC. During the second quarter of 2019, EQM reached a settlement related to this FERC Form 501-G report which was focused solely on EQM's FERC-regulated transmission and storage assets. The FERC approved the settlement and terminated Equitrans, L.P.'s Form No. 501-G proceeding during the second quarter of 2019.

The maximum applicable recourse rates and terms and conditions for service are generally (unless market-based rates have been approved by the FERC) set forth in the pipeline's FERC-approved tariff. Rate design and the allocation of costs also can affect a pipeline's profitability. While the ratemaking process establishes the maximum rate that can be charged, interstate pipelines such as EQM's transmission and storage system are permitted to discount their firm and interruptible rates without further FERC authorization down to a specified minimum level, provided they do not unduly discriminate. In addition, pipelines are allowed to negotiate different rates with their customers, under certain circumstances. Changes to rates or terms

and conditions of service, and contracts can be proposed by a pipeline company under Section 4 of the NGA, or the existing interstate transmission and storage rates or terms and conditions of service, and contracts may be challenged by a complaint filed by interested persons including customers, state agencies or the FERC under Section 5 of the NGA. Rate increases proposed by a pipeline may be allowed to become effective subject to refund and/or a period of suspension, while rates or terms and conditions of service that are the subject of a complaint under Section 5 of the NGA are subject to prospective change by the FERC. Rate increases proposed by a regulated interstate pipeline may be challenged and such increases may ultimately be rejected by the FERC. Any successful challenge against existing or proposed rates charged for EQM's transmission and storage services could have a material adverse effect on its business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to its unitholders.

EQM's interstate pipeline may also use negotiated rates that could involve rates above or below the recourse rate or rates that are subject to a different rate structure than the rates specified in EQM's interstate pipeline tariffs, provided that the affected customers are willing to agree to such rates and that the FERC has approved the negotiated rate agreement. A prerequisite for allowing the negotiated rates is that negotiated rate customers must have had the option to take service under the pipeline's recourse rates. As of December 31, 2019, approximately 96% of the system's contracted firm transmission capacity was subscribed by customers under negotiated rate agreements under its tariff. Some negotiated rate transactions are designed to fix the negotiated rate for the term of the firm transportation agreement and the fixed rate is generally not subject to adjustment for increased or decreased costs occurring during the contract term.

FERC regulations also extend to the terms and conditions set forth in agreements for transmission and storage services executed between interstate pipelines and their customers. These service agreements are required to conform, in all material respects, with the form of service agreements set forth in the pipeline's FERC-approved tariff. Non-conforming agreements must be filed with, and accepted by, the FERC. In the event that the FERC finds that an agreement is materially non-conforming, in whole or in part, it could reject, or require EQM to seek modification of, the agreement, or alternatively require EQM to modify its tariff so that the non-conforming provisions are generally available to all customers or class of customers.

FERC Regulation of Gathering Rates and Terms of Service. While the FERC does not generally regulate the rates and terms of service over facilities determined to be performing a natural gas gathering function, it has traditionally regulated rates charged by interstate pipelines for gathering services performed on the pipeline's own gathering facilities when those gathering services are performed in connection with jurisdictional interstate transmission services. EQM maintains rates and terms of service in its tariff for unbundled gathering services performed on its gathering facilities in connection with the transmission service. Just as with rates and terms of service for transmission and storage services, EQM's rates and terms of services for its FERC-regulated low-pressure gathering system may be challenged by complaint and are subject to prospective change by the FERC.

Section 1(b) of the NGA exempts certain natural gas gathering facilities from regulation by the FERC under the NGA. EQM believes that its high-pressure gathering systems meet the traditional tests the FERC has used to establish a pipeline's status as an exempt gatherer not subject to regulation as a jurisdictional natural gas company. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is often the subject of litigation in the industry, so the classification and regulation of these systems are subject to change based on future determinations by the FERC, the courts or the U.S. Congress.

Pipeline Safety and Maintenance. EQM's interstate natural gas pipeline system is subject to regulation by PHMSA. PHMSA has established safety requirements pertaining to the design, installation, testing, construction, operation and maintenance of gas pipeline facilities, including requirements that pipeline operators develop a written qualification program for individuals performing covered tasks on pipeline facilities and implement pipeline integrity management programs. These integrity management plans require more frequent inspections and other preventive measures to ensure safe operation of oil and natural gas transportation pipelines in HCAs, such as high population areas or facilities that are hard to evacuate and areas of daily concentrations of people.

Notwithstanding the investigatory and preventative maintenance costs incurred in EQM's performance of customary pipeline management activities, EQM may incur significant additional expenses if anomalous pipeline conditions are discovered or more stringent pipeline safety requirements are implemented. For example, in April 2016, PHMSA published a notice of proposed rulemaking addressing several integrity management topics and proposing new requirements to address safety issues for natural gas transmission and gathering lines. The proposed rule would strengthen existing integrity management requirements, expand assessment and repair requirements to pipelines in areas with medium population densities and extend regulatory requirements to onshore gas gathering lines that are currently exempt. This rule has not been finalized. Further, in June 2016, then-President Obama signed the Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (the 2016 Pipeline Safety Act), extending PHMSA's statutory mandate under prior legislation through 2019. Although a reauthorization bill extending PHMSA’s statutory mandate until 2023 was introduced in 2019, Congress did not pass the bill in 2019 and PHMSA is operating under a continuing resolution until a new bill is passed. In addition, the 2016 Pipeline Safety Act

empowered PHMSA to address imminent hazards by imposing emergency restrictions, prohibitions and safety measures on owners and operators of gas or hazardous liquid pipeline facilities without prior notice or an opportunity for a hearing and also required PHMSA to develop new safety standards for natural gas storage facilities by June 2018. Pursuant to those provisions of the 2016 Pipeline Safety Act, PHMSA issued two separate Interim Final Rules in October 2016 and December 2016 that expanded the agency's authority to impose emergency restrictions, prohibitions and safety measures and strengthened the rules related to underground natural gas storage facilities, including well integrity, wellbore tubing and casing integrity. The December 2016 Interim Final Rule, relating to underground gas storage facilities, went into effect in January 2017. PHMSA determined, however, that it will not issue enforcement citations to any operators for violations of provisions of the December 2016 Interim Final Rule that had previously been non-mandatory provisions of American Petroleum Institute Recommended Practices 1170 and 1171 until one year after PHMSA issues a final rule. Although PHMSA issued a press release in January 2020 stating that it has submitted a final rule for publication, as of this writing the final rule has not yet been published or made publicly available. On October 19, 2017, PHMSA formally reopened the comment period in response to a petition for reconsideration. This matter remains ongoing and subject to future PHMSA determinations. Additionally, in January 2017, PHMSA announced a new final rule regarding hazardous liquid pipelines, which increases the quality and frequency of tests that assess the condition of pipelines, requires operators to annually evaluate the existing protective measures in place for pipeline segments in HCAs, and expands the list of conditions that require immediate repair. However, it is unclear when or if this rule will go into effect because, on January 20, 2017, the Trump Administration requested that all regulations that had been sent to the Office of the Federal Register, but were not yet published, be immediately withdrawn for further review. Accordingly, this rule has not become effective through publication in the Federal Register. PHMSA published three final rules on pipeline safety: Enhanced Emergency Order Procedures; Safety of Hazardous Liquid Pipelines; and Safety of Gas Transmission Pipelines: Maximum Allowable Operating Pressure Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments. The Enhanced Emergency Order Procedures rule, which became effective on December 2, 2019, implements an existing statutory authorization for PHMSA to issue emergency orders related to pipeline safety if an unsafe condition or practice, or a combination of unsafe conditions and practices, constitutes, or is causing an imminent hazard. The Safety of Hazardous Liquid Pipelines rule, which goes into effect on July 1, 2020, expands PHMSA's regulation of the safety of hazardous liquid pipelines by extending reporting requirements to certain hazardous liquid, gravity flow and rural gathering pipelines, establishing new requirements for integrity management programs for hazardous liquid pipelines in HCAs and certain onshore hazardous liquid pipelines located outside of HCAs, extending leak detection requirements to all non-gathering hazardous liquid pipelines, requiring new or replaced pipelines to be designed and built to accommodate in-line inspection devices, and requiring operators to inspect affected pipelines following an extreme weather event or natural disaster so they may address any resulting damage. The Safety of Gas Transmissions Pipelines rule, which goes into effect on July 1, 2020, requires operators of certain gas transmission pipelines that have been tested or that have inadequate records to determine the material strength of their lines by reconfirming the Maximum Allowable Operating Pressure, and establishes a new Moderate Consequence Area for determining regulatory requirements for gas transmission pipeline segments outside of HCAs. The rule also establishes new requirements for conducting baseline assessments, incorporates into the regulations industry standards and guidelines regarding design, construction and in-line inspections, and new requirements for data integration and risk analysis in integrity management programs, including seismicity, manufacturing and construction defects, and crack and crack-like defects, and includes several requirements that allow operators to notify PHMSA of proposed alternative approaches to achieving the objectives of the minimum safety standards. EQM is in the process of assessing the impact of these rules on its future costs of operations and revenue from operations.

States are generally preempted by federal law in the area of pipeline safety, but state agencies may qualify to assume responsibility for enforcing federal regulations over intrastate pipelines. They may also promulgate additive pipeline safety regulations provided that the state standards are at least as stringent as the federal standards. Although many of EQM's natural gas facilities fall within a class that is not subject to integrity management requirements, EQM may incur significant costs and liabilities associated with repair, remediation, preventive or mitigation measures associated with its non-exempt transmission pipelines. The costs, if any, for repair, remediation, preventive or mitigating actions that may be determined to be necessary as a result of the testing program, as well as lost cash flows resulting from shutting down EQM's pipelines during the pendency of such actions, could be material.

Should EQM fail to comply with DOT regulations adopted under authority granted to PHMSA, it could be subject to penalties and fines. PHMSA has the statutory authority to impose civil penalties for pipeline safety violations up to a maximum of approximately $210,000 per day for each violation and approximately $2.1 million for a related series of violations. This maximum penalty authority established by statute will continue to be adjusted periodically to account for inflation. In addition, EQM may be required to make additional maintenance capital expenditures in the future for similar regulatory compliance initiatives that are not reflected in its forecasted maintenance capital expenditures.

EQM believes that its operations are in substantial compliance with all existing federal, state and local pipeline safety laws and regulations. However, the adoption of new laws and regulations, such as those proposed by PHMSA, could result in significant

added costs or delays in service or the termination of projects, which could have a material adverse effect on EQM in the future.

Environmental Matters

General. EQM's operations are subject to stringent federal, state and local laws and regulations relating to the protection of the environment. These laws and regulations can restrict or affect EQM's business activities in many ways, such as:

- requiring the acquisition of various permits to conduct regulated activities;
- requiring the installation of pollution-control equipment or otherwise restricting the way EQM can handle or dispose of its wastes;
- limiting or prohibiting construction activities in sensitive areas, such as wetlands, coastal regions or areas inhabited by endangered or threatened species; and
- requiring investigatory and remedial actions to mitigate or eliminate pollution conditions caused by EQM's operations or attributable to former operations.

In addition, EQM's operations and construction activities are subject to county and local ordinances that restrict the time, place or manner in which those activities may be conducted so as to reduce or mitigate nuisance-type conditions, such as, for example, excessive levels of dust or noise or increased traffic congestion.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of investigatory and remedial obligations and the issuance of orders enjoining future operations or imposing additional compliance requirements. Also, certain environmental statutes impose strict, and in some cases joint and several, liability for the cleanup and restoration of sites where hydrocarbons or wastes have been disposed or otherwise released regardless of the fault of the current site owner or operator. Consequently, EQM may be subject to environmental liability at its currently owned or operated facilities for conditions caused by others prior to its involvement.

EQM has implemented programs and policies designed to keep its pipelines and other facilities in compliance with existing environmental laws and regulations, and EQM does not believe that its compliance with such legal requirements will have a material adverse effect on its business, financial condition, results of operations, liquidity or ability to make quarterly cash distributions to its unitholders. Nonetheless, the trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment. Thus, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be significantly in excess of the amounts EQM currently anticipates. For example, in October 2015, the EPA revised the NAAQS for ozone from 75 parts per billion for the current 8-hour primary and secondary ozone standards to 70 parts per billion for both standards. The EPA may designate the areas in which EQM operates as nonattainment areas. States that contain any areas designated as nonattainment areas will be required to develop implementation plans demonstrating how the areas will attain the applicable standard within a prescribed period of time. These plans may require the installation of additional equipment to control emissions. In addition, in May 2016, the EPA finalized rules that impose volatile organic compound and methane emissions limits (and collaterally reduce methane emissions) on certain types of compressors and pneumatic pumps, as well as requiring the development and implementation of leak monitoring plans for compressor stations. The EPA finalized amendments to some requirements in these standards in March 2018 and September 2018, including rescission of certain requirements and revisions to other requirements such as fugitive emissions monitoring frequency. Compliance with these or other new regulations could, among other things, require installation of new emission controls on some of EQM's equipment, result in longer permitting timelines, and significantly increase EQM's capital expenditures and operating costs, which could adversely affect EQM's business. EQM tries to anticipate future regulatory requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance. While EQM believes that it is in substantial compliance with existing environmental laws and regulations, there is no assurance that the current conditions will continue in the future.

The following is a discussion of several of the material environmental laws and regulations, as amended from time to time, that relate to EQM's business.

Hazardous Substances and Waste. CERCLA and comparable state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a "hazardous substance" into the environment. These persons include current and prior owners or operators of the site where a release of hazardous substances occurred and companies that transported, disposed or arranged for the transportation or disposal of the

hazardous substances found at the site. Under CERCLA, these "responsible persons" may be subject to strict and joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. EQM generates materials in the course of its ordinary operations that are regulated as "hazardous substances" under CERCLA or similar state laws and, as a result, may be jointly and severally liable under CERCLA, or such laws, for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment.

EQM also generates solid wastes, including hazardous wastes, which are subject to the requirements of RCRA and comparable state statutes. While RCRA regulates both solid and hazardous wastes, it imposes strict requirements on the generation, storage, treatment, transportation and disposal of hazardous wastes. In the ordinary course of EQM's operations, EQM generates wastes constituting solid waste and, in some instances, hazardous wastes. While certain petroleum production wastes are excluded from RCRA's hazardous waste regulations, it is possible that these wastes will in the future be designated as "hazardous wastes" and be subject to more rigorous and costly disposal requirements, which could have a material adverse effect on EQM's maintenance capital expenditures and operating expenses.

EQM owns, leases or operates properties where petroleum hydrocarbons are being or have been handled for many years. EQM has generally utilized operating and disposal practices that were standard in the industry at the time, although petroleum hydrocarbons or other wastes may have been disposed of or released on or under the properties owned, leased or operated by EQM, or on or under the other locations where these petroleum hydrocarbons and wastes have been transported for treatment or disposal. In addition, certain of these properties have been operated by third parties whose treatment and disposal or release of petroleum hydrocarbons and other wastes were not under EQM's control. These properties and the wastes disposed thereon may be subject to CERCLA, RCRA and analogous state laws. Under these laws, EQM could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated groundwater) or to perform remedial operations to prevent future contamination.

Air Emissions. The federal Clean Air Act and comparable state laws and regulations restrict the emission of air pollutants from various industrial sources, including EQM's compressor stations, and also impose various monitoring and reporting requirements. Such laws and regulations may require that EQM obtain pre-approval for the construction or modification of certain projects or facilities, obtain and strictly comply with air permits containing various emissions and operational limitations and utilize specific emission control technologies to limit emissions. EQM's failure to comply with these requirements could subject it to monetary penalties, injunctions, conditions or restrictions on operations and, potentially, criminal enforcement actions. EQM may be required to incur certain capital expenditures in the future for air pollution control equipment in connection with obtaining and maintaining permits and approvals for air emissions. Compliance with these requirements may require modifications to certain of EQM's operations, including the installation of new equipment to control emissions from EQM's compressors that could result in significant costs, including increased capital expenditures and operating costs, and could adversely affect EQM's business.

Climate Change. Legislative and regulatory measures to address climate change and GHG emissions are in various phases of discussion or implementation. The EPA regulates GHG emissions from new and modified facilities that are potential major sources of criteria pollutants under the Clean Air Act's Prevention of Significant Deterioration and Title V programs and has adopted regulations that require, among other things, preconstruction and operating permits for certain large stationary sources and the monitoring and reporting of GHGs from certain onshore oil and natural gas production sources on an annual basis.

In 2015, the U.S., Canada, and the U.K. participated in the United Nations Conference on Climate Change, which led to the creation of the Paris Agreement. The Paris Agreement, which was signed by the U.S. in April 2016, requires countries to review and “represent a progression” in their intended nationally determined contributions (which set GHG emission reduction goals) every five years beginning in 2020. While the current U.S. administration announced its intent to withdraw from the Paris Agreement in June 2017, under the agreement's terms the earliest the U.S. can withdraw is 2020. There are no guarantees that the agreement will not be re-implemented in the U.S. or re-implemented in part by specific U.S. states or local governments. Additionally, the U.S. Congress, along with federal and state agencies, has considered measures to reduce the emissions of GHGs. Legislation or regulation that restricts carbon emissions could increase EQM's cost of environmental compliance by requiring EQM to install new equipment to reduce emissions from larger facilities and/or purchase emission allowances. The effect of climate change legislation or regulation on EQM's business is currently uncertain. If EQM incurs additional costs to comply with such legislation or regulations, it may not be able to pass on the higher costs to its customers or recover all the costs related to complying with such requirements and any such recovery may depend on events beyond EQM's control, including the outcome of future rate proceedings before the FERC or state regulatory agencies and the provisions of any final

legislation or implementing regulations. EQM's future results of operations, cash flows or financial condition could be adversely affected if such costs are not recovered through regulated rates or otherwise passed on to its customers. Additionally, EQM's customers or suppliers may also be affected by legislation or regulation, which may adversely impact their drilling schedules and production volumes and reduce the volumes delivered to EQM and demand for its services. Climate change and GHG legislation or regulation could also delay or otherwise negatively affect efforts to obtain permits and other regulatory approvals with regard to existing and new facilities or impose additional monitoring and reporting requirements. For example, in October 2015, the EPA expanded the petroleum and natural gas system sources for which annual GHG emissions reporting would be required. Additionally, several states are pursuing similar measures to regulate emissions of GHGs from new and existing sources. If implemented, such restrictions may result in additional compliance obligations with respect to, or taxes on the release, capture and use of GHGs that could have an adverse effect on EQM's operations. The effect of any new legislative or regulatory measures on EQM will depend on the particular provisions that are ultimately adopted.

Water Discharges. The federal Clean Water Act and analogous state laws impose restrictions and strict controls regarding the discharge of pollutants or dredged and fill material into state waters, as well as waters of the United States, including adjacent wetlands. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of permits issued by the EPA, the U.S. Army Corps of Engineers (U.S. Army Corps) or an analogous state agency. In September 2015, new EPA and U.S. Army Corps rules defining the scope of the EPA's and the U.S. Army Corps' jurisdiction became effective (the 2015 Clean Water Rule). But the 2015 Clean Water Rule was promptly challenged in courts and was enjoined by judicial action in some states. Further, in October 2019 the EPA issued a rule repealing the 2015 Clean Water Rule and recodifying the preexisting regulations. The EPA has not yet finalized its anticipated rule narrowing the regulatory scope of the Clean Water Act. To the extent that any future rules expand the scope of the Clean Water Act's jurisdiction, EQM could face increased costs and delays with respect to obtaining permits for activities in jurisdictional waters, including wetlands.

Spill prevention, control and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of regulated waters in the event of a hydrocarbon spill, rupture or leak. In addition, the Clean Water Act and analogous state laws require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws. EQM believes that compliance with existing permits and foreseeable new permit requirements will not have a material adverse effect on its business, financial condition, results of operations, liquidity or ability to make quarterly cash distributions to its unitholders.

National Environmental Policy Act. The construction of interstate natural gas transportation pipelines pursuant to the NGA requires authorization from the FERC. The FERC actions are subject to the National Environmental Policy Act (NEPA). NEPA requires federal agencies, such as the FERC, to evaluate major federal actions having the potential to significantly affect the environment. In the course of such evaluations, an agency will either prepare an environmental assessment that assesses the potential direct, indirect and cumulative effects of a proposed project or, if necessary, a more detailed Environmental Impact Statement. Any proposed plans for future construction activities that require FERC authorization will be subject to the requirements of NEPA. This process has the potential to significantly delay or limit, and significantly increase the cost of, development of midstream infrastructure.

Endangered Species Act. The federal Endangered Species Act (ESA) restricts activities that may adversely affect endangered and threatened species or their habitats. Federal agencies are required to ensure that any action authorized, funded or carried out by them is not likely to jeopardize the continued existence of listed species or modify their critical habitat. While some of EQM's facilities are located in areas that are designated as habitats for endangered or threatened species, EQM believes that it is in substantial compliance with the ESA. The designation of previously unprotected species as being endangered or threatened, or the designation of previously unprotected areas as a critical habitat for such species, could cause EQM to incur additional costs, result in delays in construction of pipelines and facilities, or cause EQM to become subject to operating restrictions in areas where the species are known to exist. For example, the U.S. Fish and Wildlife Service continues to receive hundreds of petitions to consider listing additional species as endangered or threatened and is being regularly sued or threatened with lawsuits to address these petitions. Some of these legal actions may result in the listing of species located in areas in which EQM operates.

Employee Health and Safety. EQM is subject to a number of federal and state laws and regulations, including the federal Occupational Safety and Health Act (OSHA) and comparable state statutes, whose purpose is to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the EPA community "right-to-know" regulations and comparable state laws and regulations require that information be maintained concerning hazardous materials used or produced in EQM's operations and that this information be provided to employees, state and local government authorities and citizens. EQM believes that it is in substantial compliance with all applicable laws and regulations relating to worker health and safety.

Seasonality

Weather affects natural gas demand for power generation and heating purposes. Peak demand for natural gas typically occurs during the winter months as a result of the heating load.

Insurance

In the Predecessor period, EQM generally shared insurance coverage with EQT. Subsequent to the Separation, EQM generally shares insurance coverage with Equitrans Midstream. EQM reimburses Equitrans Midstream for the cost of the insurance pursuant to the terms of the Equitrans Midstream Omnibus Agreement. The insurance program includes excess liability insurance, auto liability insurance, workers' compensation insurance and property insurance. In addition, EQM has procured separate general liability and directors and officers liability policies. All insurance coverage is in amounts management believes to be reasonable and appropriate.

Employees

EQM does not have any employees. EQM is managed by the directors and officers of the EQM General Partner. All executive management personnel of the EQM General Partner are officers of Equitrans Midstream and devote the time to EQM's business and affairs that is required to manage and conduct its operations. The daily business operations of EQM are conducted by employees of Equitrans Midstream and its subsidiaries. Under the terms of the Equitrans Midstream Omnibus Agreement, EQM reimburses Equitrans Midstream for the provision of general and administrative services for its benefit, for direct expenses incurred by Equitrans Midstream on EQM's behalf and for expenses allocated to EQM as a result of it being a public entity. Additionally, EQM has a secondment agreement with Equitrans Midstream whereby Equitrans Midstream and its subsidiaries provide seconded employees to perform certain operating and other services with respect to EQM's business. Prior to the Separation, the daily business operations of EQM were conducted by employees of EQT and its subsidiaries. EQM reimbursed EQT for the provision of general and administrative services for its benefit, for direct expenses incurred by EQT on EQM's behalf and for expenses allocated to EQM as a result of it being a public entity. See Note 8 for further discussion.

Availability of Reports

EQM makes certain filings with the SEC, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments and exhibits to those reports, available free of charge through its website, www.eqm-midstreampartners.com, as soon as reasonably practicable after they are filed with or furnished to the SEC. The filings are also available electronically on the SEC's website at www.sec.gov.

Jurisdiction and Year of Formation

EQM Midstream Partners, LP is a Delaware limited partnership formed in January 2012.

Item 1A. Risk Factors

In addition to the other information contained in this Annual Report on Form 10-K, the following risk factors should be considered in evaluating our business and future prospects. The following discussion of risk factors contains forward-looking statements. These risk factors may be important for understanding any statement in this Annual Report on Form 10-K or elsewhere. The following information should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and accompanying notes included in "Item 8. Financial Statements and Supplementary Data." Note that additional risks not presently known to us or that are currently considered immaterial may also have a negative impact on our business and operations. If any of the events or circumstances described below actually occurs, our business, financial condition, results of operations, liquidity or ability to pay distributions could suffer and the trading price of our common units could decline.

Because of the following factors, as well as other variables affecting our results of operations, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

Risks Inherent in Our Business

We depend on EQT for a substantial majority of our revenues and future growth. Therefore, we are subject to the business and liquidity risks of EQT, and any further decrease in EQT's drilling or completion activity could adversely affect our business and operating results.

Historically, we have provided to EQT a substantial percentage of our natural gas gathering, transmission and storage and water services. EQT accounted for approximately 69% of our revenues for the year ended December 31, 2019. We expect to derive a substantial majority of our revenues from EQT for the foreseeable future.

Additionally, on February 26, 2020 we entered into the EQT Global GGA with EQT for the provision by us of gas gathering services to EQT in the Marcellus and Utica Shales of Pennsylvania and West Virginia. The execution of the EQT Global GGA was based upon assumptions that management of the EQM General Partner believed appropriate at the time of execution. If any of the assumptions fail to occur, or if actual results differ from these assumptions, we may not achieve the anticipated benefits associated with the execution of the EQT Global GGA. Failure to achieve the anticipated benefits associated with the EQT Global GGA will have a negative impact on our business, financial condition, results of operations, liquidity and ability to pay distributions. See "EQT Global GGA" in Note 19 for additional information.

Therefore, any event, whether in our areas of operations or otherwise, that adversely affects EQT's production, financial condition, leverage, results of operations or cash flows may adversely affect us. Accordingly, we are subject to the business risks of EQT, including the following:

- prevailing and projected natural gas, natural gas liquids (NGLs) and oil prices and the effect thereon of the supply of associated natural gas from oil wells in other formations such as the Permian Basin;
- the proximity, capacity, cost and availability of gathering and transportation facilities, and other factors that result in differentials to benchmark prices;
- the availability and cost of capital on a satisfactory economic basis to fund EQT's operations and refinance existing indebtedness as it becomes due, any changes in EQT's credit ratings and effects of EQT’s credit support obligations on such availability;
- natural gas price volatility or a sustained period of lower commodity prices may have an adverse effect on EQT's drilling operations, revenue, profitability, future rate of growth, creditworthiness and liquidity;
- a further reduction in or slowing of EQT's anticipated drilling and production schedule, which would directly and adversely impact demand for our services;
- the costs of producing natural gas and the availability and costs of drilling rigs and crews and other equipment;
- infrastructure capacity constraints and interruptions;
- geologic considerations;
- risks associated with the operation of EQT's wells and facilities, including potential environmental liabilities;
- EQT's ability to identify exploration, development and production opportunities based on market conditions;
- uncertainties inherent in projecting future rates of production, levels of reserves, and demand for natural gas, NGLs and oil;
- EQT's ability to develop additional reserves that are economically recoverable, to optimize existing well production and to sustain production, including by use of large-scale, sequential, highly choreographed drilling and hydraulic fracturing;
- EQT’s ability to achieve anticipated efficiencies associated with its strategic plan and successfully execute on its announced de-levering plan;
- adverse effects of governmental and environmental regulation, including the availability of drilling permits, the regulation of hydraulic fracturing, the potential removal of certain federal income tax deductions with respect to natural gas and oil exploration and development or additional state taxes on natural gas extraction, changes in tax laws and negative public perception regarding EQT's operations;
- the loss of key personnel and/or the effectiveness of their replacements; and
- risk associated with cyber security, environmental activists and other threats.

On January 13, 2020, EQT publicly announced a revised projected 2020 capital expenditure forecast of $1.25 billion to $1.35 billion, an approximate $50 million reduction as compared to guidance provided by EQT in its third quarter 2019 earnings

release (which indicated an approximate $525 million year-over-year reduction compared to EQT's prior full-year 2019 guidance). EQT may further reduce its capital spending in the future based on commodity prices or other factors. Unless we are successful in attracting significant new customers, our ability to maintain or increase the capacity subscribed and volumes transported or gathered under service arrangements on our gathering, transmission and storage and water systems will be dependent on receiving consistent or increasing commitments from EQT. While EQT has dedicated a significant amount of its acreage to, and executed long-term contracts with substantial firm reservation and MVCs on our systems, it may determine in the future that drilling in areas outside of our current areas of operations is strategically more attractive to it, and other than the MVCs, it is under no contractual obligation to maintain its production dedicated to us. Moreover, EQT's strategy continues to focus on capital efficiency and free cash flow generation as opposed to volume growth. Based on this strategy, on October 31, 2019, EQT publicly disclosed that its development program is expected to result in approximately flat sales volumes for 2020 relative to EQT's expectation as to 2019 levels. A reduction in the capacity subscribed or volumes transported or gathered on our systems by EQT could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

EQT may also elect to continue to reduce its drilling activity if commodity prices remain depressed or further decrease or it may elect to not grow its production unless commodity prices improve. Fluctuations in energy prices can also greatly affect the development of EQT's and other producers' respective reserves. In general terms, the prices of natural gas, oil and other hydrocarbon products fluctuate in response to changes in supply and demand, market uncertainty and a variety of additional factors that are beyond our control. These factors include worldwide political and economic conditions, weather conditions and seasonal trends, the levels of domestic production and consumer demand, new exploratory finds of natural gas, the levels of imported and exported natural gas, oil and LNG, the availability of transportation systems with adequate capacity, the volatility and uncertainty of regional pricing differentials, the price and availability of alternative fuels, the effect of energy conservation measures, the nature and extent of governmental regulation and taxation, and the anticipated future prices of natural gas, oil, LNG and other commodities. Further declines in commodity prices could have a negative impact on EQT's and other producers' development and production activity, and if sustained, could lead to a material decrease in such activity. Due to these and other factors, even if reserves are known to exist in areas serviced by our assets, producers have chosen, and may choose in the future, not to develop those reserves. Sustained reductions in development or production activity in our areas of operation could lead to reduced utilization of our services, including our water services which are directly associated with producers' well completion activities and fresh and produced water needs (which are partially driven by horizontal lateral lengths and the number of completion stages per well).

Any sustained reductions in development or production activity in our areas of operation could adversely affect our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

The amount of cash we have available for distribution to unitholders depends primarily on our cash flow rather than on our profitability, which may prevent us from making distributions, even during periods in which we record net income.

The amount of cash we have available for distribution depends primarily upon our cash flow and not solely on profitability, which is affected by non-cash items. As a result, we may make cash distributions during periods when we record losses for financial accounting purposes and may not make cash distributions during periods when we record net earnings for financial accounting purposes.

On February 27, 2020, we announced our intention to reduce our quarterly distribution from $1.16 per unit to $0.3875 per unit, a decrease of approximately 67% per unit, in connection with the announcement of the EQM Merger, commencing with the first quarter 2020 distribution. See Note 19 for additional information regarding the EQM Merger. As discussed in "***Our Series A Preferred Units have rights, preferences and privileges that are not held by, and are preferential to the rights of holders of our common units***," the holders of our Series A Preferred Units will receive cumulative quarterly distributions at a fixed rate of $1.0364 per Series A Preferred Unit for the first twenty distribution periods. We are not entitled to pay any distributions on any junior securities, including our common units, prior to paying the quarterly distribution payable to the holders of Series A Preferred Units. We may not have sufficient available cash each quarter to enable us to pay the quarterly cash distribution. The amount of cash we can distribute on our units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- the rates we charge for our gathering, transmission, storage and water services;
- the level of our MVCs, firm gathering, transmission and storage capacity sold and the volumes of natural gas we gather, transport and store for our customers and our ability to provide produced water handling services, the volume of water delivered to, or stored for, our customers and the cost of water;
- our ability to successfully implement or execute on our business plan;

- regional, domestic and foreign supply (including, without limitation, associated natural gas produced from oil wells in other formations such as the Permian Basin) and perceptions of supply of natural gas; the level of demand and perceptions of demand in our end-use markets (which may be met or otherwise affected by production of associated gas and the availability of such gas in our end-use markets); and actual and anticipated future prices of natural gas and other commodities (and the volatility thereof), which may affect, among other things, production volumes, customer financial health, and our ability to renew and replace firm gathering, transmission and storage, and water services agreements;
- the effect of seasonal variations in temperature on the amount of natural gas that we gather, transport and store and the amount of water we deliver;
- the level of competition from other midstream energy companies in our geographic markets;
- the creditworthiness and defaults, if any, of our customers, including EQT;
- restrictions contained in our joint venture agreements;
- the amount and timing of distributions, if any, received by us under our joint venture agreements;
- the level of our operating and maintenance and general and administrative costs;
- the availability and price of alternative and competing fuel sources, and the rates of growth of alternative energy sources and consumer adoption of alternative energy sources relative to natural gas;
- regulatory action affecting the supply of, or demand for, natural gas, the rates we can charge on our assets, our contracts for services, our existing contracts, our operating costs and our operating flexibility;
- natural disasters, weather-related delays, casualty losses, third-party opposition to our operations in the form of protests, sabotage, intervention in regulatory or administrative proceedings, or lawsuits, and other matters beyond our control;
- our ability to achieve the anticipated benefits associated with the execution of the EQT Global GGA; and
- prevailing market conditions.

In addition, the actual amount of cash we will have available for distribution will depend on other factors, including:

- our cash flows, including cash flow from operations and working capital borrowings;
- the level and timing of capital expenditures and capital contributions we make;
- the level of our operating and maintenance and general and administrative expenses;
- our ability to successfully identify and consummate joint ventures and other transactions, including strategic acquisitions, if any, and to successfully integrate those acquisitions into our business;
- the cost of our acquisitions, if any;
- our and our subsidiaries' respective debt service requirements and other liabilities;
- distributions to the holders of our Series A Preferred Units prior to the EQM Merger;
- the timing of the consummation of the EQM Merger;
- Equitrans Midstream's ability to service its payment obligations under the Intercompany Loan (as defined in Note 19);

  fluctuations in our working capital needs;
- liquidity and financing requirements, including our ability to borrow funds and access capital markets on satisfactory terms;
- restrictions on distributions contained in our and our subsidiaries' respective debt and joint venture agreements;
- the amount of our cash reserves; and

- other business risks affecting our cash levels.

Decreases in production of natural gas in our areas of operation have adversely affected, and future decreases could further adversely affect, our business and operating results and reduce our cash available to make distributions to our unitholders.

Our business is dependent on the continued availability of natural gas production and reserves in our areas of operation. A sustained low-price environment for natural gas or regulatory limitations could adversely affect development of additional reserves and production that is accessible by our pipeline and storage assets and fresh water sources. Production from natural gas wells will naturally decline over time. The amount of natural gas reserves underlying these wells may also be less than anticipated, and the rate at which production from these reserves declines may be greater than anticipated. Additionally, producers may determine in the future that drilling activities in areas outside of our current areas of operations are strategically more attractive to them due to the price environment for natural gas or other reasons. A further reduction in the natural gas volumes supplied by producers could result in reduced throughput on our systems and adversely impact our ability to sustain and grow our operations and maintain quarterly cash distributions to our unitholders. Accordingly, maintaining or increasing the contracted capacity or the volume of natural gas gathered, transported and stored on our systems and cash flows associated therewith, is substantially dependent on our customers continually accessing additional reserves of natural gas.

The primary factors affecting our ability to obtain non-dedicated sources of natural gas include the level of successful drilling activity near our systems and our ability to compete for volumes from successful new wells, and most development areas in our areas of operation are already dedicated to us or one of our competitors. While EQT has dedicated production from certain of its leased properties to us, we have no control over the level of drilling activity in our areas of operation, the amount of reserves associated with wells connected to our gathering systems or the rate at which production from a well declines. In addition, we have no control over EQT or other producers or their drilling or production decisions, which are affected by, among other things, the availability and cost of capital, producers focus on generating free cash flow and/or delevering, prevailing and projected energy prices, demand for hydrocarbons, levels of reserves, the producers' contractual obligations to our and other midstream companies, geological considerations, environmental or other governmental regulations, the availability of drilling permits, the availability of drilling rigs and crews, and other production and development costs.

Fluctuations in energy prices can also greatly affect the development of new natural gas reserves. In general terms, the prices of natural gas, oil and other hydrocarbon products fluctuate in response to certain factors such as those described under the heading ***"We depend on EQT for a substantial majority of our revenues and future growth. Therefore, we are subject to the business risks of EQT, and any further decrease in EQT's drilling or completion activity could adversely affect our business and operating results.***" For example, the daily spot prices for NYMEX Henry Hub natural gas ranged from a high of $4.25 per MMBtu to a low of $2.02 per MMBtu from January 1, 2019 through December 31, 2019. Low natural gas prices, particularly in the Appalachian Basin, have had a negative impact on exploration, development and production activity and on utilization of our systems and, if sustained, could lead to a material decrease in such activity and further decreases in such utilization. Because of these factors, even if new natural gas reserves are known to exist in areas served by our assets, producers may choose not to develop those reserves. Moreover, EQT and other producers may not develop the acreage they have dedicated to us. If reductions in drilling activity result in our inability to maintain levels of contracted capacity and throughput, it could reduce our revenue and impair our ability to make quarterly cash distributions to our unitholders.

We do not obtain independent evaluations of natural gas reserves connected to our systems. Accordingly, we do not have independent estimates of total reserves connected to our systems or the anticipated life of such reserves. If the total reserves or estimated life of the reserves connected to our systems are less than we anticipate, or the timeline for the development of reserves is longer than we anticipate, and we are unable to secure additional sources of natural gas, there could be a material adverse effect on our business, results of operations, financial condition, liquidity and ability to make quarterly cash distributions to our unitholders.

If new supplies of natural gas are not obtained to replace the natural decline in volumes from existing supply basins in our areas of operation, or if natural gas supplies are diverted to serve other markets, the overall volume of natural gas gathered, transported and stored on our systems would decline, which could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

The regulatory approval process for the construction of new midstream assets is challenging, and recent decisions by regulatory and judicial authorities in pending proceedings could impact our or the MVP Joint Venture's ability to obtain all approvals and authorizations necessary to complete certain projects on the projected time frame or at all or our ability to achieve the expected investment returns on the projects.

Certain of our internal growth projects require regulatory approval from federal, state and/or local authorities prior to construction, including any extensions from or additions to our transmission and storage system. The approval process for

storage and transportation projects has become increasingly challenging, due in part to state and local concerns related to exploration and production, transmission and gathering activities in production areas, including the Marcellus and Utica Shales, and negative public perception regarding the oil and gas industry, including major pipeline projects like the MVP and MVP Southgate. Such authorization may not be granted or, if granted, such authorization may include burdensome or expensive conditions.

In addition, any significant delays in the regulatory approval process for the MVP project could increase costs and negatively impact the targeted in-service date for the MVP project of late 2020, which in turn could adversely affect the ability for the MVP Joint Venture and its owners, including us, to achieve the expected investment return. The MVP project is subject to several challenges that must be resolved before the MVP project can be completed, as described in more detail in "Item 3. Legal Proceedings."

Although the MVP Joint Venture is actively defending the relevant agency actions and judicial challenges to the project, and is in active dialogue with all of the affected agencies to resolve these issues and restore the affected permits, there is no guarantee as to how long the agency proceedings and judicial challenges will take to resolve, or whether the MVP Joint Venture will ultimately succeed in restoring the permits in their issued form or within the MVP Joint Venture's targeted time frame for placing the project in service. Additionally, as the MVP project nears completion, we anticipate increased opposition from activists in the form of lawsuits, intervention in regulatory proceedings and otherwise, which may be focused on the few remaining portions of the project. Such focused opposition may make it increasingly difficult to complete the project and place it in service within the targeted time frame or at all. These and other challenges could adversely affect our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Following the MVP in-service date, the gathering fees payable by EQT to us (or its affiliates) set forth in the EQT Global GGA are subject to potential reductions for certain contract years set forth in the EQT Global GGA, conditioned upon the in-service date of the MVP, which provide for estimated aggregate fee relief of $270 million in the first year after the in-service date of the MVP, $230 million in the second year after the in-service date of the MVP, and $35 million in the third year after the in-service date of the MVP. In addition, if the MVP in-service date has not occurred by January 1, 2022, EQT has an option, exercisable for a period of twelve months, to forgo $145 million of the gathering fee relief in the first year after the MVP in-service date and $90 million of the gathering fee relief in the second year after the MVP in-service date in exchange for a cash payment from EQM to EQT in the amount of $196 million. Any further delay in the MVP in-service date may prevent us from achieving the anticipated benefits associated with the execution of the EQT Global GGA. See “EQT Global GGA” in Note 19 for additional information.

Our natural gas gathering, transmission and storage services are subject to extensive regulation by federal, state and local regulatory authorities. Changes or additional regulatory measures adopted by such authorities could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make distributions.

Our interstate natural gas transmission and storage operations are regulated by the FERC under the NGA and the NGPA and the regulations, rules and policies promulgated under those and other statutes. Certain portions of our gathering operations are also rate-regulated by the FERC in connection with our interstate transmission operations. Our FERC-regulated systems operate pursuant to tariffs approved by the FERC that establish rates, cost recovery mechanisms and terms and conditions of service to our customers. Generally, the FERC's authority extends to:

- rates and charges for our natural gas transmission and storage and FERC-regulated gathering services;
- certification and construction of new interstate transmission and storage facilities;
- abandonment of interstate transmission and storage services and facilities and certificated gathering facilities;
- maintenance of accounts and records;
- relationships between pipelines and certain affiliates;
- terms and conditions of services and service contracts with customers;
- depreciation and amortization policies;
- acquisitions and dispositions of interstate transmission and storage facilities; and
- initiation and discontinuation of interstate transmission and storage services.

Interstate pipelines may not charge rates or impose terms and conditions of service that, upon review by the FERC, are found to be unjust or unreasonable, unduly discriminatory or preferential. The recourse rate that may be charged by our interstate pipeline for our transmission and storage services is established through the FERC's ratemaking process. Alternatively, where authorized by the FERC, we may charge market-based rates.

Pursuant to the NGA, existing interstate transmission and storage rates, terms and conditions of service, and contracts may be challenged by complaint and are subject to prospective change by the FERC. Additionally, rate increases, changes to terms and conditions of service and contracts proposed by a regulated interstate pipeline may be protested and such actions can be delayed and may ultimately be rejected by the FERC. We currently hold authority from the FERC to charge and collect (i) "recourse rates," which are the maximum rates an interstate pipeline may charge for its services under its tariff, (ii) "discount rates," which are rates below the "recourse rates" and above a minimum level, (iii) "negotiated rates," which involve rates above or below the "recourse rates," provided that the affected customers are willing to agree to such rates and that the FERC has approved the negotiated rate agreement, and (iv) market-based rates for some of our storage services from which we derive a small portion of our revenues. As of December 31, 2019, approximately 96% of our contracted firm transmission capacity was subscribed by customers under negotiated rate agreements under its tariff, rather than recourse, discount or market rate contracts. There can be no guarantee that we will be allowed to continue to operate under such rate structures for the remainder of those assets' operating lives. Any successful challenge against rates charged for our transmission and storage services could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

While the FERC does not generally regulate the rates and terms of service over facilities determined to be performing a natural gas gathering function, the FERC has traditionally regulated rates charged by interstate pipelines for gathering services performed on the pipeline's own gathering facilities when those gathering services are performed in connection with jurisdictional interstate transmission services. We maintain rates and terms of service in our tariff for unbundled gathering services performed on a portion of our gathering facilities that are connected to our transmission and storage system. Just as with rates and terms of service for transmission and storage services, our rates and terms of services for our FERC-regulated gathering services may be challenged by complaint and are subject to prospective change by the FERC.

The FERC's jurisdiction extends to the certification and construction of interstate transmission and storage facilities, including, but not limited to, acquisitions, facility replacements and upgrades, expansions, and abandonment of facilities and services. While the FERC exercises jurisdiction over the rates and terms of service for our FERC-regulated gathering services, these gathering facilities may not be subject to the FERC's certification and construction authority. Prior to commencing construction of new or existing interstate transmission and storage facilities, an interstate pipeline must obtain a certificate authorizing the construction, or file to amend its existing certificate, from the FERC. On April 19, 2018, the FERC issued a Notice of Inquiry seeking information regarding whether, and if so how, it should revise its approach under its currently effective policy statement on the certification of new natural gas transportation facilities. The formal comment period in this proceeding closed on July 25, 2018. We cannot currently predict when the FERC will issue an order in the Notice of Inquiry proceeding or what action the FERC may take in any such order. If the FERC changes its existing certificate policy, it could impact our ability to construct interstate pipeline facilities. Further, typically a significant expansion project requires review by a number of governmental agencies, including state and local agencies, whose cooperation is important in completing the regulatory process on schedule. Any agency's delay in the issuance of, or refusal to issue, authorizations or permits for one or more of these projects may mean that we will not be able to pursue these projects or that they will be constructed in a manner or with capital requirements that we did not anticipate. Such delays, refusals or resulting modifications to projects could materially and negatively impact the revenues and costs expected from these projects or cause us to abandon planned projects.

FERC regulations also extend to the terms and conditions set forth in agreements for transmission and storage services executed between interstate pipelines and their customers. These service agreements are required to conform, in all material respects, with the forms of service agreements set forth in the pipeline's FERC-approved tariff. Non-conforming agreements must be filed with, and accepted by, the FERC. In the event that the FERC finds that an agreement is materially non-conforming, in whole or in part, it could reject or require us to seek modification of the agreement, or alternatively require us to modify our tariff so that the non-conforming provisions are generally available to all customers or class of customers.

On March 15, 2018, the FERC issued an order generally disallowing master limited partnership (MLP) owned pipelines from including an allowance for income taxes in their cost-of-service based recourse rates. Under its prior policy, the FERC had permitted all interstate pipelines to include an income tax allowance in the cost-of-service used as the basis for calculating their regulated recourse rates. The new policy did not establish a binding rule automatically disallowing income tax allowances in current FERC-approved rates, but rather provided notice of the FERC’s general policy and intended course of action in future proceedings. On July 18, 2018, the FERC issued an order directed at natural gas pipelines that clarified its March 15, 2018 order, stating that an MLP will not be precluded in a future proceeding from making a claim that it is entitled to an income tax allowance based on a demonstration that its recovery of an income tax allowance does not result in a “double-recovery of

investors' income tax costs." The July 18, 2018 order also clarified the treatment of ADIT. Challenges to these orders are currently pending in a consolidated proceeding before the U.S. Court of Appeals for the District of Columbia Circuit. On October 17, 2018, an intervenor filed a motion to hold the proceeding in abeyance. On October 24, 2018, the FERC filed a motion to dismiss the proceeding. On January 31, 2019, the court denied the motion to hold the proceeding in abeyance and ordered that the motion to dismiss be referred to the panel to which the merits proceeding is assigned. Briefing on the merits was concluded on February 19, 2020, and the court scheduled oral argument for April 3, 2020. We cannot currently predict when the court will act on the broader proceeding, or what actions the court may take. Also, on July 18, 2018, the FERC issued Order No. 849, adopting regulations requiring that natural gas pipelines make a one-time report, Form 501-G. For MLP-owned pipelines, the Form 501-G report was to calculate, among other things, an earned rate of return on equity that addresses any potential over-recovery of their cost of service arising from the general disallowance of the income tax allowance and the ADIT clarification. On December 28, 2018, Equitrans, L.P. filed its Form 501-G with the FERC. During the second quarter of 2019, we reached a settlement with all of our firm recourse rate transmission customers related to our FERC Form 501-G report. The FERC approved the settlement and terminated Equitrans, L.P.'s Form No. 501-G proceeding during the second quarter of 2019. We cannot determine whether the FERC or any customer will initiate a rate case against us as a result of Equitrans L.P.'s Form 501-G filing or for any other reason.

Any changes to the FERC's policies regarding the natural gas industry may have an impact on us, including the FERC's approach to pro-competitive policies as it considers matters such as interstate pipeline rates and rules and policies that may affect rights of access to natural gas transmission capacity and transmission and storage facilities.

Section 1(b) of the NGA exempts certain natural gas gathering facilities from regulation by the FERC under the NGA. We believe that our high-pressure natural gas gathering pipelines meet the traditional tests the FERC has used to establish a pipeline's status as an exempt gatherer not subject to regulation as a jurisdictional natural gas company, although the FERC has not made a formal determination with respect to the jurisdictional status of those facilities. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is often the subject of litigation within the industry, so the classification and regulation of our high-pressure gathering systems are subject to change based on future determinations by the FERC, the courts or the U.S. Congress.

Failure to comply with applicable provisions of the NGA, the NGPA, federal pipeline safety laws and certain other laws, as well as with the regulations, rules, orders, restrictions and conditions associated with these laws, could result in the imposition of administrative and criminal remedies and civil penalties. For example, the FERC is authorized to impose civil penalties of up to approximately $1.3 million per violation, per day for violations of the NGA, the NGPA or the rules, regulations, restrictions, conditions and orders promulgated under those statutes. This maximum penalty authority established by statute will continue to be adjusted periodically for inflation.

In addition, future federal, state or local legislation or regulations under which we will operate our natural gas gathering, transmission and storage businesses may have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

We may not be able to renew or replace expiring contracts at favorable rates or on a long-term basis.

On February 26, 2020 we entered into the EQT Global GGA with EQT for the provision by us of gas gathering services to EQT in the Marcellus and Utica Shales of Pennsylvania and West Virginia. See "EQT Global GGA" in Note 19" for additional information.

One of our primary exposures to market risk occurs at the time our existing contracts expire and are subject to renegotiation and renewal. Based on total projected contractual revenues, including projected contractual revenues from future capacity expected from expansion projects that are not yet fully constructed for which we have executed firm contracts, our firm gathering contracts and firm transmission and storage contracts had weighted average remaining terms of approximately 11 years and 14 years, respectively, as of December 31, 2019. The extension or replacement of existing contracts, depends on a number of factors beyond our control, including:

- the level of existing and new competition to provide services to our markets;
- the macroeconomic factors affecting natural gas economics for our current and potential customers;
- the balance of supply and demand, on a short-term, seasonal and long-term basis, in our markets;
- the extent to which the customers in our markets are willing to contract on a long-term basis; and
- the effects of federal, state or local regulations on the contracting practices of our customers.

Any failure to extend or replace a significant portion of our existing contracts or extending or replacing them at unfavorable or lower rates or with lower or no associated firm reservation fee revenues, could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Additionally, the execution of the EQT Global GGA was based upon assumptions that management of the EQM General Partner believed appropriate at the time of execution. If any of the assumptions fail to occur, or if actual results differ from these assumptions, we may not achieve the anticipated benefits associated with the execution of the EQT Global GGA. Failure to achieve the anticipated benefits associated with the EQT Global GGA will have a negative impact on our business, financial condition, results of operations, liquidity and ability to pay distributions.

The lack of diversification of our assets and geographic locations could adversely affect our ability to make distributions to our unitholders.

We rely exclusively on revenues generated from our gathering, transmission and storage and water systems, substantially all of which are located in the Appalachian Basin in Pennsylvania, West Virginia and Ohio. Due to our lack of diversification in assets and geographic location, an adverse development in these businesses or our areas of operations, including adverse developments due to catastrophic events, weather, regulatory action, local prices, producer liquidity and decreases in demand for natural gas, specifically dry gas, from the Appalachian Basin could have a more significant impact on our results of operations and distributable cash flow to our unitholders, than if we maintained more diverse assets and locations (including, without limitation, as a result of an increase in associated natural gas produced from oil wells in other formations such as the Permian Basin).

The demand for the services provided by our water services business could decline as a result of several factors.

Our water service business includes fresh water distribution for use in our customers' natural gas, NGL and oil exploration and production activities. Water is an essential component of natural gas, NGL and oil production during the drilling, and in particular, the hydraulic fracturing process. As a result, the demand for our fresh water distribution and produced water handling services is tied to the level of drilling and completion activity of our customers, including EQT (which is currently and anticipated to continue to be our primary customer for such services). More specifically, the demand for our water distribution and produced water handling services could be adversely affected by any further reduction in or slowing of EQT's or other customers' well completions, any reduction in produced water attributable to completion activity, or the extent to which EQT or other customers complete wells with shorter lateral lengths, which would lessen the volume of fresh water required for completion activity. In addition, increased regulation of hydraulic fracturing could result in reductions or delays in natural gas, NGL and oil production by our water service customers, which could reduce the number of wells for which we provide water services.

The availability of our water supply may be limited due to reasons including, but not limited to, prolonged drought, difficulty obtaining permits or regulatory delays associated with infrastructure development. Restrictions on the ability to obtain water, changes in wastewater disposal requirements, or changes in the regulation of water withdrawal and use may incentivize water recycling efforts by oil and natural gas producers, which could decrease the demand for our fresh water distribution services.

We may not be able to increase our customer throughput and resulting revenue due to competition and other factors, which could limit our ability to grow.

Part of our growth strategy includes diversifying our customer base by identifying opportunities to offer services to parties other than EQT. For example, the Bolt-on Acquisition provides opportunities for producer diversification. For the years ended December 31, 2019, 2018 and 2017, EQT accounted for approximately 72%, 80% and 88%, respectively, of our gathering revenues and approximately 56%, 54% and 54%, respectively, of our transmission and storage revenues. For the years ended December 31, 2019, 2018 and for the period from November 13, 2017 through December 31, 2017, EQT accounted for approximately 89%, 93% and 99% of our water service revenues, respectively. EQT accounted for approximately 69%, 74%, and 74% of our total revenues for the years ended December 31, 2019, 2018 and 2017, respectively. Our ability to increase our customer-subscribed capacity and throughput and resulting revenue is subject to numerous factors beyond our control, including competition from third-party producers' existing contractual obligations to competitors and the extent to which we have available capacity when shippers require it. To the extent that we lack available capacity on our systems for volumes, we may not be able to compete effectively with third-party systems for additional natural gas production in our areas of operation.

Our efforts to attract new customers or larger commitments from existing customers may be adversely affected by our desire to provide services pursuant to long-term firm contracts and contracts with MVCs. Our potential customers may prefer to obtain services under other forms of contractual arrangements under which we would be required to assume direct commodity exposure.

We are exposed to the credit risk of our counterparties in the ordinary course of our business.

We are exposed to the risk of loss resulting from the nonpayment and/or nonperformance of our customers, suppliers, joint venture partners and other counterparties as further described in "Credit Risk" under Item 7A. We extend credit to our customers, including EQT as our largest customer, as a normal part of our business. As of February 26, 2020, EQT's public debt had sub-investment grade credit ratings at S&P Global Ratings (S&P) of BB+, Moody's Investors Service (Moody's) of Ba1 and Fitch Investor Services (Fitch) of BB, each with a negative outlook, following downgrades at each of the rating agencies during the first quarter of 2020. While we have established credit policies, including assessing the creditworthiness of our customers as permitted by our FERC-approved natural gas tariffs, and may require appropriate terms or credit support from them based on the results of such assessments, including in the form of prepayments, letters of credit, or guaranties, we may not have adequately assessed the creditworthiness of our existing or future customers. In connection with the execution of the EQT Global GGA and the Credit Letter Agreement, amongst other things, (a) we agreed to relieve certain credit posting requirements for EQT, in an amount of up to approximately $250 million under its commercial agreements with EQM, subject to EQT maintaining a minimum credit rating from two of three rating agencies of (i) Ba3 with Moody's, (ii) BB- with S&P and (iii) BB- with Fitch and (b) we agreed to use commercially reasonable good faith efforts to negotiate similar credit support arrangements for EQT in respect of its commitments to the MVP Joint Venture. We cannot predict the extent to which the businesses of our counterparties, including EQT, would be impacted if commodity prices further decline, commodity prices are depressed for a sustained period of time, or other conditions in the energy industry were to further deteriorate, nor can we estimate the impact such conditions would have on the abilities of our customers to perform under their gathering, transmission and storage and water service agreements with us. The low commodity price environment has negatively impacted natural gas producers causing some producers in the industry significant economic stress including, in certain cases, to file for bankruptcy protection or to renegotiate contracts. To the extent one or more of our counterparties, including EQT, is in financial distress or commences bankruptcy proceedings, contracts with these counterparties may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code. Any resulting nonpayment and/or nonperformance by our counterparties could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Increased competition from other companies that provide gathering, transmission and storage, and water services, or from alternative fuel sources, could have a negative impact on the demand for our services, which could adversely affect our financial results.

Our ability to renew or replace existing contracts at rates sufficient to maintain current revenues and cash flows could be adversely affected by the activities of our competitors. Our systems compete primarily with other interstate and intrastate pipelines and storage facilities in the gathering, transmission and storage of natural gas. Some of our competitors have greater financial resources, and may be better positioned to compete as the midstream industry moves towards greater consolidation, and may now, or in the future, have access to greater supplies of natural gas or water than we do. Some of these competitors may expand or construct gathering systems, transmission and storage systems and water systems that would create additional competition for the services we provide to our customers. In addition, our customers may develop their own gathering, transmission or storage, or water services instead of using ours.

The policies of the FERC promoting competition in natural gas markets are having the effect of increasing the natural gas transmission and storage options for our traditional customer base. As a result, we could experience some "turnback" of firm capacity as existing agreements expire. If we are unable to remarket this capacity or can remarket it only at substantially discounted rates compared to previous contracts, we may have to bear the costs associated with the turned back capacity. Increased competition could reduce the volumes of natural gas transported or stored on our systems or, in cases where we do not have long-term firm contracts, could force us to lower our transmission or storage rates. Increased competition could also adversely affect demand for EQM's water services.

Further, natural gas as a fuel competes with other forms of energy available to end-users, including coal, liquid fuels and renewable and alternative energy. Increased demand for such forms of energy, particularly renewable and alternative energy, at the expense of natural gas could lead to a reduction in demand for natural gas gathering, transmission and storage, and water services.

All of these competitive pressures could make it more difficult for us to retain our existing customers and/or attract new customers and/or additional volumes from existing customers as we seek to maintain and expand our business, which could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders. In addition, competition could intensify the negative impact of factors that decrease demand for natural gas in the markets served by our systems, such as adverse economic conditions, weather, higher fuel costs and taxes or other governmental or regulatory actions that directly or indirectly increase the cost or limit the use of natural gas.

If third-party pipelines and other facilities interconnected to our pipelines and facilities become unavailable to transport or process natural gas, our revenues and cash available to make distributions to our unitholders could be adversely affected.

We depend on third-party pipelines and other facilities that provide receipt and delivery options to and from our transmission and storage system. For example, our transmission and storage system interconnects with the following interstate pipelines: Texas Eastern, Dominion Transmission, Columbia Gas Transmission, Tennessee Gas Pipeline Company, Rockies Express Pipeline LLC, National Fuel Gas Supply Corporation and ET Rover Pipeline, LLC, as well as multiple distribution companies. Similarly, our gathering systems have multiple delivery interconnects to multiple interstate pipelines. In the event that our access to such systems was impaired, the amount of natural gas that our gathering systems can gather and transport would be adversely affected, which could reduce revenues from our gathering activities as well as transmission and storage activities. Because we do not own these third-party pipelines or facilities, their continuing operation is not within our control. If these or any other pipeline connections or facilities were to become unavailable for current or future volumes of natural gas due to repairs, damage to the facility, lack of capacity or any other reason, our ability to operate efficiently and continue shipping natural gas to end markets could be restricted. Any temporary or permanent interruption at any key pipeline interconnect or facility could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Certain of the services we provide on our transmission and storage system are subject to long-term, fixed-price "negotiated rate" contracts that are subject to limited or no adjustment, even if our cost to perform such services exceeds the revenues received from such contracts, and, as a result, our costs could exceed our revenues received under such contracts, or we could be unable to achieve the expected investment return under such contracts.

It is possible that costs to perform services under "negotiated rate" contracts will exceed the negotiated rates we have agreed to provide to our customers. If this occurs, it could decrease the cash flow realized by our systems and, therefore, the cash we have available for distribution to our unitholders. Under FERC policy, a regulated service provider and a customer may mutually agree to a "negotiated rate," and that contract must be filed with and accepted by the FERC. As of December 31, 2019, approximately 96% of the contracted firm transmission capacity on our system was subscribed under such "negotiated rate" contracts. Unless the parties to these "negotiated rate" contracts agree otherwise, the contracts generally may not be adjusted to account for increased costs that could be caused by inflation or other factors relating to the specific facilities being used to perform the services.

If the tariffs governing the services we provide are successfully challenged, we could be required to reduce our tariff rates, which could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Customers, the FERC or other interested stakeholders, such as state regulatory agencies, may challenge our rates offered to customers or the terms and conditions of service included in our tariffs. We do not have an agreement in place that would prohibit customers, including EQT or its affiliates, from challenging our tariffs. If any challenge were successful, among other things, the recourse rates that we charge on our systems could be reduced. Successful challenges could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders. See "***Our natural gas gathering, transmission and storage services are subject to extensive regulation by federal, state and local regulatory authorities. Changes or additional regulatory measures adopted by such authorities could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make distributions.***"

If we do not complete expansion projects, our future growth may be limited.

Our ability to grow depends primarily upon our ability to complete expansion projects, including, without limitation, the MVP, MVP Southgate, and Hammerhead projects, that result in an increase in the cash we generate. We may be unable to complete successful, accretive expansion projects for many reasons, including, but not limited to, the following:

- an inability to identify attractive expansion projects;
- an inability to obtain necessary rights-of-way, real estate rights or permits or other government approvals, including approvals by regulatory agencies;
- an inability to successfully integrate the infrastructure we build;
- an inability to raise financing for expansion projects on economically acceptable terms;
- incorrect assumptions about volumes, revenues and costs, including potential growth; or

- an inability to secure adequate customer commitments to use the newly expanded facilities.

In addition, our ability to secure required permits and rights-of-way or otherwise proceed with construction of our expansion projects has been impacted by opposition from political and other activists, who may attempt to delay pipeline construction through protests, vandalism and other means, as has recently occurred with respect to the MVP.

Expanding our business by constructing new midstream assets subjects us to risks.

Organic and greenfield growth projects are a significant component of our growth strategy. The development and construction of pipelines and storage facilities involves numerous regulatory, environmental, political and legal uncertainties beyond our control and requires the expenditure of significant amounts of capital. The development and construction of pipeline infrastructure and storage facilities expose us to construction risks such as the failure to meet customer contractual requirements, delays caused by landowners, advocacy groups or activists opposed to the natural gas industry, environmental hazards, vandalism, adverse weather conditions, the performance of third-party contractors, the lack of available skilled labor, equipment and materials and the inability to obtain necessary rights-of-way or approvals and permits from regulatory agencies on a timely basis or at all (and maintain such rights of way, approvals and permits once obtained). These types of projects may not be completed on schedule, at the budgeted cost or at all. Moreover, our revenues may not increase for some time after completion of a particular project. For instance, we are required to pay construction costs generally as they are incurred but construction typically occurs over an extended period of time, and we will not receive revenues or material increases in revenues until the project is placed into service. Moreover, we may construct facilities to capture anticipated future growth in production and/or demand in a region in which such growth does not materialize. As a result, new facilities may not be able to attract enough throughput to achieve our expected investment return, which could adversely affect our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

We face and will continue to face opposition to the development or operation of our pipelines and facilities from various groups.

We face and will continue to face opposition to the development or operation of our pipelines and facilities from environmental groups, landowners, local and national groups, activists and other advocates. Such opposition could take many forms, including organized protests, attempts to block, vandalize or sabotage our development or operations, intervention in regulatory or administrative proceedings involving our assets directly or indirectly, lawsuits, legislation or other actions designed to prevent, disrupt or delay the development or operation of our assets and business. For example, repairing our pipelines often involves securing consent from individual landowners to access their property; one or more landowners may resist our efforts to make needed repairs, which could lead to an interruption in the operation of the affected pipeline or other facility for a period of time that is significantly longer than would have otherwise been the case. In addition, acts of sabotage or eco-terrorism could cause significant damage or injury to people, property or the environment or lead to extended interruptions of our operations. Any such event that delays or interrupts the revenues generated, or expected to be generated, by our operations, or which causes us to make significant expenditures not covered by insurance, could reduce our cash available for distributions to our unitholders, and, accordingly, adversely affect our financial condition and the market price of our securities.

Recently, activists concerned about the potential effects of climate change have directed their attention towards, among other things, sources of funding for fossil fuel energy companies, which has resulted in certain financial institutions, funds and other sources of capital restricting or eliminating their investment in energy-related activities. Ultimately, this could make it more difficult for exploration and production companies to secure funding for exploration and production activities, or for midstream companies to secure funding for energy infrastructure related projects and/or all such companies' ability to access capital to refinance existing debt, and consequently could both indirectly affect demand for our services and directly affect our ability to fund construction or other capital projects.

We have entered into joint ventures, and may in the future enter into additional or modify existing joint ventures, that might restrict our operational and corporate flexibility. In addition, these joint ventures are subject to many of the same operational risks to which we are subject.

We have entered into joint ventures to construct the MVP and MVP Southgate projects and a joint venture relating to Eureka Midstream and may in the future enter into additional joint venture arrangements with third parties. Joint venture arrangements may restrict our operational and partnership flexibility. Joint venture arrangements may also divert management and operating resources in a manner that is disproportionate to our ownership percentage in such ventures. Because we do not control all of the decisions of the MVP Joint Venture or the joint venture relating to Eureka Midstream, it may be difficult or impossible for us to cause these joint ventures to take actions that we believe would be in our or the joint venture's best interests. For example, we cannot unilaterally cause the distribution of cash by the MVP Joint Venture or Eureka Midstream. Moreover, joint venture arrangements involve various risks and uncertainties, such as committing us to fund operating and/or capital expenditures, the timing and amount of which we may not control, and our joint venture partners may not satisfy their financial obligations to the

joint venture. In addition, the operations of the MVP Joint Venture, Eureka Midstream and any joint ventures we may enter into in the future are subject to many of the same operational risks to which we are subject to.

Acquisitions we may make could reduce, rather than increase, our cash generated from operations on a per unit basis.

If we make acquisitions that we believe will be accretive, these acquisitions may nevertheless result in a decrease in the cash generated from operations on a per unit basis.

Any acquisition involves potential risks, including, among other things:

- mistaken assumptions about volumes, revenues and costs, including synergies and potential growth;
- an inability to secure adequate customer commitments to use the acquired systems or facilities;
- an inability to integrate successfully the assets or businesses we acquire;
- the assumption of unknown liabilities for which we are not indemnified or for which our indemnity is inadequate;
- the diversion of management's and employees' attention from other business concerns; and
- unforeseen difficulties operating in new geographic areas or business lines.

If any acquisition fails to be accretive to our distributable cash flow per unit, it could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Reviews of our goodwill and intangible and other long-lived assets have resulted in and could result in future significant impairment charges.

GAAP requires us to perform an assessment of goodwill at the reporting unit level for impairment at least annually and whenever events or changes in circumstance indicate that the fair value of a reporting unit is less than its carrying amount.

We may perform either a qualitative or quantitative assessment of potential impairment. Our qualitative assessment of potential impairment may result in the determination that a quantitative impairment analysis is not necessary. Under this elective process, we assess qualitative factors to determine whether the existence of events or circumstances leads us to determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, we determine that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then performing a quantitative analysis is not required. However, if we conclude otherwise, then we perform a quantitative impairment analysis. If we choose not to perform a qualitative assessment, or if we choose to perform a qualitative assessment but are unable to qualitatively conclude that no impairment has occurred, then we will perform a quantitative assessment. In the case of a quantitative assessment, we estimate the fair value of the reporting unit with which the goodwill is associated and compare it to the carrying value. If the estimated fair value of a reporting unit is less than its carrying value, an impairment charge is recognized for the excess of the reporting unit's carrying value over its fair value.

Assessing the recoverability of goodwill requires significant judgments and estimates by management. Fair values of goodwill are primarily estimated using discounted cash flows based on forecasts of financial results that incorporate assumptions including, but not limited to, the discount rate, terminal value factor, peer groups, control premiums and earnings before interest, taxes, depreciation and amortization multiples. All of our goodwill relates to businesses that were acquired and valued by EQT's management in the Rice Merger as of December 31, 2019. The reporting unit to which goodwill is recorded as of December 31, 2019 is the Pennsylvania gathering assets acquired in the Rice Merger (RMP PA Gas Gathering). Our reporting units earn a significant portion of their revenues from volumetric-based fees, which are sensitive to changes in the development plans of our customers.

During the third quarter of 2019, we determined that the fair value of the Ohio gathering assets acquired in the Drop-down Transaction (Rice Retained Midstream) was greater than its carrying value; however, the carrying values of RMP PA Gas Gathering and the Ohio and West Virginia gathering assets acquired in the Bolt-on Acquisition (Eureka/Hornet) were each greater than their respective fair values. As a result, we recognized impairment of goodwill of $161.6 million and $99.7 million on RMP PA Gas Gathering and Eureka/Hornet, respectively. The non-cash impairment charge is included in the impairments of long-lived assets line on our statements of consolidated operations.

During the fourth quarter of 2019, as of the date of our annual goodwill impairment assessment, we concluded the performance of a quantitative impairment assessment was required. Factors contributing to this conclusion were the continued decline of our

market capitalization in the fourth quarter and the sustained declines in producer drilling activity driven by market conditions, including natural gas prices.

Consistent with the third quarter 2019 interim goodwill impairment assessment, we used the income approach's discounted cash flow method and the market approach's comparable company and reference transaction methods. During our fourth quarter 2019 impairment assessment, we determined that the carrying values of RMP PA Gas Gathering and Rice Retained Midstream were each greater than their respective fair values. As a result, we recognized impairment of goodwill of $436.7 million and $38.8 million on RMP PA Gas Gathering and Rice Retained Midstream, respectively. The non-cash impairment charge is included in the impairments of long-lived assets line on our statements of consolidated operations.

We evaluate long-lived assets, including related intangibles, for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. Asset recoverability is measured by comparing the carrying value of the asset or asset group with its expected future pre-tax undiscounted cash flows. These cash flow estimates require us to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, we recognize an impairment equal to the excess of net book value over fair value as determined by quoted market prices in active markets or present value techniques if quotes are unavailable. The determination of the fair value using present value techniques requires us to make projections and assumptions regarding the probability of a range of outcomes and the rates of interest used in the present value calculations. Any changes we make to these projections and assumptions could result in significant revisions to its evaluation of recoverability of our property, plant and equipment and the recognition of additional impairments.

If the operations or projected operating results of our businesses decline significantly, we could incur additional goodwill impairment charges. Future impairment charges could be significant and could have a material adverse impact on our financial condition and results of operations for the period in which the impairment is recorded. As of December 31, 2019, we had approximately $486.7 million of goodwill (all associated with RMP PA Gas Gathering) and $8.5 billion of long-lived assets, including intangibles which will be monitored for future impairment. Management will continue to monitor and evaluate the factors underlying the fair market value of acquired businesses and assets to determine if any assessments are necessary and will take any additional impairment charges required. Moreover, we will be required to evaluate the provisions of the EQT Global GGA and related commercial transactions with EQT to ascertain whether such provisions may, among other things, require us to reevaluate our reporting units for goodwill impairment or otherwise evaluate whether any impairment indicators may be present with respect to our long-lived assets. See "EQT Global GGA" in Note 19 for additional information.

If we are unable to obtain needed capital or financing on satisfactory terms to fund expansions of our asset base or acquisitions, our ability to make quarterly cash distributions may be diminished or our financial leverage could increase. There is no commitment from our general partner or Equitrans Midstream to provide any direct or indirect financial assistance to us.

In order to expand our asset base and complete our expansion projects, including the MVP and MVP Southgate projects, we will need to make significant expansion capital expenditures. If we do not make sufficient or effective capital expenditures, we will be unable to expand our business operations, which impacts our ability to pay quarterly cash distributions to our unitholders.

In order to fund our capital expenditures, we will be required to use cash from our operations, incur borrowings or sell additional partnership units. Using cash from operations will reduce distributable cash flow to our common unitholders. Our ability to obtain bank financing or to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering, our credit ratings, the covenants in our debt agreements, general economic conditions, conditions in our industry, changes in law (including tax laws), and other contingencies and uncertainties that are beyond our control. As of February 26, 2020, we and EQT had sub-investment grade credit ratings at each of Moody's, S&P and Fitch. See "***A further downgrade of our credit ratings, including in connection with the MVP project or changes in the credit rating of EQT, which are determined by independent third parties, could impact our liquidity, access to capital, and cost of doing business.***" Furthermore, market demand for equity issued by master limited partnerships has been significantly lower in recent years than it has been historically, which has made it challenging for us to finance our capital expenditures with the issuance of equity in the capital markets or through private placements. Additionally, global financial markets and economic conditions have been, and continue to be, volatile, especially for companies involved in the oil and gas industry. The repricing of credit risk and the recent relatively weak economic conditions in the oil and gas industry have made, and will likely continue to make, it difficult for some entities to obtain funding on favorable terms. Furthermore, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets generally has increased as many lenders and institutional investors have increased rates, enacted tighter lending standards, refused to refinance existing debt at maturity or at all or on terms similar to the borrower's current

debt, and reduced, or in some cases, ceased to provide funding to borrowers. As a result, even if we are successful in obtaining funds for capital expenditures through equity or debt financings, the terms thereof could limit our ability to pay distributions to our common unitholders. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional partner interests may result in significant common unitholder dilution and increase the aggregate amount of cash required to maintain the then-current distribution rates, which could materially decrease our ability to pay distributions at the then-current distribution rates. If funding is not available to us when needed, or is available only on unfavorable terms, we may be unable to execute our business plans, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders. There is no commitment from our general partner or Equitrans Midstream to provide any direct or indirect financial assistance to us.

We are subject to numerous hazards and operational risks.

Our business operations are subject to all of the inherent hazards and risks normally incidental to the gathering, transmission and storage of natural gas and performance of water services. These operating risks include, but are not limited to:

- damage to pipelines, facilities, equipment, environmental controls and surrounding properties caused by hurricanes, earthquakes, tornadoes, abnormal amounts of rainfall, floods, fires, droughts, landslides and other natural disasters and acts of sabotage, vandalism and terrorism;
- inadvertent damage from construction, vehicles, and farm and utility equipment;
- uncontrolled releases of natural gas and other hydrocarbons;
- leaks, migrations or losses of natural gas as a result of the malfunction of equipment or facilities and, with respect to storage assets, as a result of undefined boundaries, geologic anomalies, natural pressure migration and wellbore migration;
- ruptures, fires and explosions;
- pipeline freeze offs due to cold weather; and
- other hazards that could also result in personal injury and loss of life, pollution to the environment and suspension of operations.

These risks could result in loss of human life, personal injuries, significant damage to property, environmental pollution, impairment of our operations, regulatory investigations and penalties and substantial losses to us. The location of certain segments of our systems in or near populated areas, including residential areas, commercial business centers and industrial sites, could increase the damages resulting from these risks. In spite of any precautions taken, an event such as those described above could cause considerable harm to people, property or the environment and could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders. Accidents or other operating risks could further result in loss of service available to our customers. Such circumstances, including those arising from maintenance and repair activities, could result in service interruptions on segments of our systems. Potential customer impacts arising from service interruptions on segments of our systems could include limitations on our ability to satisfy customer requirements, obligations to provide reservation charge credits to customers in times of constrained capacity, and solicitation of our existing customers by others for potential new projects that would compete directly with our existing services. Such circumstances could adversely impact our ability to meet contractual obligations and retain customers, with a resulting negative impact on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Negative public perception regarding us, MVP, MVP Southgate, our other projects, the midstream industry, and/or the natural gas industry in general could have an adverse effect on our operations.

Negative public perception regarding us, the MVP, MVP Southgate, our other projects, the midstream industry, and/or the natural gas industry in general resulting from, among other things, climate change, oil spills, the explosion of natural gas transmission and gathering lines, erosion and sedimentation issues, and general concerns raised by advocacy groups about hydraulic fracturing and pipeline projects has led to, and may in the future lead to, increased regulatory scrutiny, which may, in turn, lead to new local, state and federal safety and environmental laws, regulations, guidelines and enforcement interpretations. See "Item 3. Legal Proceedings." These actions have caused, and may continue to cause, operational delays or restrictions, increased construction and operating costs, penalties under construction contracts, additional regulatory burdens and increased risk of litigation. As discussed under "***The regulatory approval process for the construction of new midstream assets is challenging, and recent decisions by regulatory and judicial authorities in pending proceedings could impact***

EQM's or the MVP Joint Venture's ability to obtain all approvals and authorizations necessary to complete certain projects on the projected time frame or at all or our ability to achieve the expected investment returns on the projects," there are several pending challenges to certain aspects of the MVP project that must be resolved before the MVP project can be completed. Moreover, governmental authorities exercise considerable discretion in the timing and scope of permit issuance and the public may engage in the permitting process, including through intervention in the courts. Our, and the MVP Joint Venture's respective reputations and public opinion regarding us, the MVP, MVP Southgate and other of our projects may be negatively impacted by the actions and activities of other companies operating in the energy industry, particularly other energy infrastructure providers, over which we and the MVP Joint Venture have no control. In particular, public perception could be impacted by negative publicity related to pipeline incidents or unpopular expansion projects and due to opposition to the development of hydrocarbons and energy infrastructure, particularly projects involving resources that are considered to increase GHG emissions and contribute to climate change. Negative public perception could cause the permits we and the MVP Joint Venture need to complete the MVP and MVP Southgate projects and conduct our operations to be removed, withheld, delayed or burdened by requirements that restrict our ability to profitably conduct business or make it more difficult to obtain the real property interests we and the MVP Joint Venture need in order to operate their assets or complete planned growth projects, which could result in revenue loss or a reduction in our and the MVP Joint Venture's customer bases.

Additionally, certain candidates running for President of the United States have advocated for policies that call for a complete halt on hydraulic fracturing on public and private lands. A ban on hydraulic fracturing would directly affect the commercial viability of our customers and would have a materially adverse effect our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

We do not insure against all potential losses and could be seriously harmed by unexpected liabilities.

We are not fully insured against all risks inherent in our business, including environmental accidents that might occur as well as many cyber events. In addition, we do not maintain business interruption insurance of the types and in amounts necessary to cover all possible risks of loss, like project delays caused by governmental action or inaction. The occurrence of any operating risks not fully covered by insurance could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Equitrans Midstream currently maintains excess liability insurance that covers Equitrans Midstream's and its affiliates', including our, legal and contractual liabilities arising out of bodily injury, personal injury or property damage, including resulting loss of use, to third parties. This excess liability insurance includes coverage for sudden and accidental pollution liability but excludes: release of pollutants subsequent to their disposal; release of substances arising from the combustion of fuels that result in acidic deposition; and testing, monitoring, clean-up, containment, treatment or removal of pollutants from property owned, occupied by, rented to, used by or in the care, custody or control of Equitrans Midstream and its affiliates, including us.

Equitrans Midstream also maintains coverage for us and our affiliates for physical damage to assets and resulting business interruption, including damage caused by terrorist acts.

Most of Equitrans Midstream's insurance is subject to deductibles or self-insured retentions. If a significant accident or event occurs for which Equitrans Midstream is not fully insured, it could adversely affect our operations and financial condition. Equitrans Midstream may not be able to maintain or obtain insurance for itself and its affiliates, of the types and in the amount we desire at reasonable rates, and Equitrans Midstream may elect to self-insure a portion of our asset portfolio. The insurance coverage Equitrans Midstream has obtained or may obtain may contain large deductibles or fail to cover certain hazards or cover all potential losses. In addition, for pre-Distribution losses, Equitrans Midstream shares insurance coverage with EQT. Equitrans Midstream will remain responsible for payment of any deductible or self-insured amounts under those insurance policies. To the extent we experience a pre-Distribution loss that would be covered under EQT's insurance policies, our ability to collect under those policies may be reduced to the extent EQT erodes the limits under those policies.

Terrorist or cyber security attacks or threats thereof aimed at our pipelines or facilities or surrounding areas and new laws and regulations governing data privacy could adversely affect our business.

Our business has become increasingly dependent upon digital technologies, including information systems, infrastructure and cloud applications, to operate our assets, and the maintenance of our financial and other records has long been dependent upon such technologies. The U.S. government has issued public warnings that indicate that energy assets might be specific targets of cyber security threats. Deliberate attacks on, or unintentional events affecting, our systems or infrastructure, the systems or infrastructure of third parties or the cloud could lead to corruption or loss of our proprietary data and potentially sensitive data, delays in delivery of natural gas and NGLs, difficulty in completing and settling transactions, challenges in maintaining our books and records, communication interruptions, environmental damage, personal injury, property damage and other operational disruptions, as well as damage to our reputation, financial condition and cash flows. Further, as cyber incidents

continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. In addition, new U.S. laws and regulations governing data privacy and the unauthorized disclosure of personal information may potentially elevate our compliance costs. Any failure by us to comply with these laws and regulations, including as a result of a cyber incident, could result in significant penalties and liability to us. Additionally, if we acquire a company that has violated or is not in compliance with applicable data protection laws, we may incur significant liabilities and penalties as a result.

We may experience difficulties with implementation and operation of our new enterprise resource planning software solution.

We are in the process of implementing a new enterprise resource planning (ERP) system. We are committing significant resources to implementation activities and the system software. Our ERP system is critical to our financial reporting and our ability to establish effective controls and execute critical business processes. The transition to our new ERP system may be disruptive to our business if the ERP system, which is to be done in phases, does not work as planned or if we experience issues relating to the implementation. Such disruptions could impact our ability to provide important information to our management, send invoices and track payments, fulfill contractual obligations, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results or otherwise operate our business. In addition, we may experience periodic or prolonged disruption of our financial functions arising out of the implementation and conversion, general use of the system, other periodic upgrades or updates, or other external factors that are outside of our control, Additionally, if the system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or ability to assess it adequately could be delayed. This ERP system and our other information technology systems may be vulnerable to data breaches, cyber-attacks or fraud.

We are subject to stringent environmental laws and regulations that may expose us to significant costs and liabilities.

Our operations are regulated extensively at the federal, state and local levels. Laws, regulations and other legal requirements have increased the cost to plan, design, install, operate and abandon gathering, transmission and water systems and pipelines. Environmental, health and safety legal requirements govern discharges of substances into the air, water and ground; the management and disposal of hazardous substances and wastes; the clean-up of contaminated sites; groundwater quality and availability; plant and wildlife protection; locations available for pipeline construction; environmental impact studies and assessments prior to permitting; restoration of properties after construction or operations are completed; pipeline safety (including replacement requirements); and work practices related to employee health and safety. Compliance with the laws, regulations and other legal requirements applicable to our business, including delays in obtaining permits or other government approvals, may increase our costs of doing business, result in delays or restrictions in the performance of operations due to the need to obtain additional or more detailed permits or other governmental approvals or even cause us not to pursue a project. For example, the Department of Interior's U.S. Fish and Wildlife Service (FWS) continues to receive hundreds of petitions to consider listing of additional species as endangered or threatened and is being regularly sued or threatened with lawsuits to address these petitions. Some of these legal actions may result in the listing of species located in areas in which we operate. Such designations of previously unprotected species as being endangered or threatened, or the designation of previously unprotected areas as a critical habitat for such species, can result in increased costs, construction delays, restrictions in our operations or abandonment of projects. Listing of aquatic species could potentially affect water supplies or delay related infrastructure development. As discussed under ***"The regulatory approval process for the construction of new midstream assets is challenging, and recent decisions by regulatory and judicial authorities in pending proceedings could impact our or the MVP Joint Venture's ability to obtain all approvals and authorizations necessary to complete certain projects on the projected time frame or at all or our ability to achieve the expected investment returns on the projects,"*** there are several pending challenges to certain aspects of the MVP project, including to the MVP Joint Venture's Biological Opinion and Incidental Take Statement issued by FWS which was approved in November 2017. See the discussion of the litigation and regulatory-related delays in "Item 3. Legal Proceedings." In addition, compliance with laws, regulations or other legal requirements could subject us to claims for personal injuries, property damage and other damages. Our failure to comply with the laws, regulations and other legal requirements applicable to our business, even if as a result of factors beyond our control, could result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties and damages.

Laws, regulations and other legal requirements are constantly changing, and implementation of compliant processes in response to such changes could be costly and time consuming. For example, in October 2015, the EPA revised the NAAQS for ozone from 75 parts per billion for the current 8-hour primary and secondary ozone standards to 70 parts per billion for both standards. The EPA may designate the areas in which we operate as nonattainment areas. States that contain any areas designated as nonattainment areas will be required to develop implementation plans demonstrating how the areas will attain the applicable standard within a prescribed period of time. These plans may require the installation of additional equipment to control emissions. In addition, in May 2016, the EPA finalized rules that impose volatile organic compound emissions limits

(and collaterally reduce methane emissions) on certain types of compressors and pneumatic pumps, as well as requiring the development and implementation of leak monitoring plans for compressor stations. The EPA finalized amendments to some requirements in these standards in March 2018 and September 2018, including rescission of certain requirements and revisions to other requirements such as fugitive emissions monitoring frequency. Compliance with these or other new regulations could, among other things, require installation of new emission controls on some of our equipment, result in longer permitting timelines, and significantly increase our capital expenditures and operating costs, which could adversely impact our business. In addition to periodic changes to air, water and waste laws, as well as recent EPA initiatives to impose climate change-based air regulations on industry, the U.S. Congress and various states have been evaluating climate-related legislation and other regulatory initiatives that would further restrict emissions of GHGs, including methane (a primary component of natural gas) and carbon dioxide (a byproduct of burning natural gas). Several states are also pursuing similar measures to regulate emissions of GHGs from new and existing sources. If implemented, such GHG restrictions may result in additional compliance obligations with respect to, or taxes on the release, capture and use of, GHGs that could have an adverse effect on our operations.

There is a risk that we may incur costs and liabilities in connection with our operations due to historical industry operations and waste disposal practices, our handling of wastes and potential emissions and discharges related to our operations. Private parties, including the owners of the properties through which our gathering system or our transmission and storage system pass and facilities where our wastes are taken for reclamation or disposal, may have the right to pursue legal actions to require remediation of contamination or enforce compliance with environmental requirements as well as to seek damages for personal injury or property damage. In addition, changes in environmental laws occur frequently, and any such changes that result in more stringent and costly waste handling, storage, transport, disposal or remediation requirements could have a material adverse effect on our business, financial condition, results of operations, liquidity or ability to make quarterly cash distributions to our unitholders. We may not be able to recover all or any of these costs from insurance.

Climate change and related legislation, regulatory initiatives and litigation could result in increased operating costs and reduced demand for the services we provide.

Legislative and regulatory measures to address climate change and GHG emissions are in various phases of discussion or implementation. The EPA regulates GHG emissions from new and modified facilities that are potential major sources of criteria pollutants under the Clean Air Act's Prevention of Significant Deterioration and Title V programs and has adopted regulations that require, among other things, preconstruction and operating permits for certain large stationary sources and the monitoring and reporting of GHGs from certain onshore oil and natural gas production sources on an annual basis.

In addition, in 2015, the U.S., Canada, and the U.K. participated in the United Nations Conference on Climate Change, which led to the creation of the Paris Agreement. The Paris Agreement, which was signed by the U.S. in April 2016, requires countries to review and “represent a progression” in their intended nationally determined contributions (which set GHG emission reduction goals) every five years beginning in 2020. While the current U.S. administration announced its intent to withdraw from the Paris Agreement in June 2017, under the agreement’s terms the earliest the U.S. can withdraw is 2020. There are no guarantees that the agreement will not be re-implemented in the U.S., or re-implemented in part by specific U.S. states or local governments. The U.S. Congress, along with federal and state agencies, has also considered measures to reduce the emissions of GHGs. Legislation or regulation that restricts carbon emissions could increase our cost of environmental compliance by requiring us to install new equipment to reduce emissions from larger facilities and/or, depending on any future legislation, purchase emission allowances. The effect of climate change legislation or regulation on our business is currently uncertain. If we incur additional costs to comply with such legislation or regulations, we may not be able to pass on the higher costs to our customers or recover all the costs related to complying with such requirements and any such recovery may depend on events beyond our control, including the outcome of future rate proceedings before the FERC or state regulatory agencies and the provisions of any final legislation or implementing regulations. Our future results of operations, cash flows or financial condition could be adversely affected if such costs are not recovered through regulated rates or otherwise passed on to our customers. Additionally, our customers or suppliers may also be affected by legislation or regulation, which may adversely impact their drilling schedules and production volumes and reduce the volumes delivered to us and demand for our services. Climate change and GHG legislation or regulation could delay or otherwise negatively affect efforts to obtain and maintain permits and other regulatory approvals for existing and new facilities, impose additional monitoring and reporting requirements or adversely affect demand for the natural gas we gather, transport and store. The effect on us of any new legislative or regulatory measures will depend on the particular provisions that are ultimately adopted.

Furthermore, certain scientific studies conclude that increasing concentrations of GHGs in the Earth’s atmosphere may effect climate changes, which could result in the increased severity of storms, floods and other climatic events. If any such effects occur, there may be adverse effects on our assets and operations.

Significant portions of our pipeline systems have been in service for several decades. There could be unknown events or conditions or increased maintenance or repair expenses and downtime associated with our pipelines that could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make distributions.

Significant portions of our transmission and storage system and FERC-regulated gathering system have been in service for several decades. The age and condition of these systems could result in increased maintenance or repair expenditures, and any downtime associated with increased maintenance and repair activities could materially reduce our revenue. Any significant increase in maintenance and repair expenditures or loss of revenue due to the age or condition of our systems could adversely affect our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

We may incur significant costs and liabilities as a result of increasingly stringent pipeline safety regulation, including pipeline integrity management program testing and related repairs.

The DOT, acting through PHMSA, has adopted regulations requiring pipeline operators to develop integrity management programs for transmission pipelines located where a leak or rupture could harm HCAs, including high population areas, unless the operator effectively demonstrates by risk assessment that the pipeline could not affect the area. The regulations require operators, including us, to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a HCA;
- maintain processes for data collection, integration and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating actions.

Changes to pipeline safety laws and regulations that result in more stringent or costly safety standards could have a significant adverse effect on us and similarly situated midstream operators. For example, in April 2016, PHMSA published a notice of proposed rulemaking addressing several integrity management topics and proposing new requirements to address safety issues for natural gas transmission and gathering lines. The proposed rule would strengthen existing integrity management requirements, expand assessment and repair requirements to pipelines in areas with medium population densities and extend regulatory requirements to onshore gas gathering lines that are currently exempt. This rule has not been finalized. Further, in June 2016, then-President Obama signed the 2016 Pipeline Safety Act that extended PHMSA's statutory mandate under prior legislation through 2019. Although a reauthorization bill extending PHMSA’s statutory mandate until 2023 was introduced in 2019, Congress did not pass the bill in 2019 and PHMSA is operating under a continuing resolution until a new bill is passed. In addition, the 2016 Pipeline Safety Act empowered PHMSA to address imminent hazards by imposing emergency restrictions, prohibitions and safety measures on owners and operators of gas or hazardous liquid pipeline facilities without prior notice or an opportunity for a hearing and also required PHMSA to develop new safety standards for natural gas storage facilities by June 2018. Pursuant to those provisions of the 2016 Pipeline Safety Act, PHMSA issued two Interim Final Rules in October 2016 and December 2016 that expanded the agency's authority to impose emergency restrictions, prohibitions and safety measures and strengthened the rules related to underground natural gas storage facilities, including well integrity, wellbore tubing and casing integrity. The December 2016 Interim Final Rule, relating to underground gas storage facilities, went into effect in January 2017. PHMSA determined, however, that it will not issue enforcement citations to any operators for violations of provisions of the December 2016 Interim Final Rule that had previously been non-mandatory provisions of American Petroleum Institute Recommended Practices 1170 and 1171 until one year after PHMSA issues a final rule. Although PHMSA issued a press release in January 2020 stating that it has submitted a final rule for publication, as of the filing of this Annual Report on Form 10-K, the final rule has not yet been published or made publicly available. On October 19, 2017, PHMSA formally reopened the comment period in response to a petition for reconsideration. This matter remains ongoing and subject to future PHMSA determinations. Additionally, in January 2017, PHMSA announced a new final rule regarding hazardous liquid pipelines, which increases the quality and frequency of tests that assess the condition of pipelines, requires operators to annually evaluate the existing protective measures in place for pipeline segments in HCAs, extends certain leak detection requirements for hazardous liquid pipelines not located in HCAs, and expands the list of conditions that require immediate repair. However, it is unclear when or if this rule will go into effect because, on January 20, 2017, the Trump Administration requested that all regulations that had been sent to the Office of the Federal Register, but were not yet published, be immediately withdrawn for further review. Accordingly, this rule has not become effective through publication in the Federal Register. PHMSA published three final rules on pipeline safety: Enhanced Emergency Order Procedures; Safety of Hazardous Liquid Pipelines; and Safety of Gas Transmission Pipelines: Maximum Allowable Operating Pressure

Reconfirmation, Expansion of Assessment Requirements, and Other Related Amendments. The Enhanced Emergency Order Procedures rule, which became effective on December 2, 2019, implements an existing statutory authorization for PHMSA to issue emergency orders related to pipeline safety if an unsafe condition or practice, or a combination of unsafe conditions and practices, constitutes, or is causing an imminent hazard. The Safety of Hazardous Liquid Pipelines rule, which goes into effect on July 1, 2020, expands PHMSA's regulation of the safety of hazardous liquid pipelines by extending reporting requirements to certain hazardous liquid, gravity flow and rural gathering pipelines, establishing new requirements for integrity management programs for hazardous liquid pipelines in HCAs and certain onshore hazardous liquid pipelines located outside of HCAs, extending leak detection requirements to all non-gathering hazardous liquid pipelines, requiring new or replaced pipelines to be designed and built to accommodate in-line inspection devices, and requiring operators to inspect affected pipelines following an extreme weather event or natural disaster so they may address any resulting damage. The Safety of Gas Transmissions Pipelines rule, which goes into effect on July 1, 2020, requires operators of certain gas transmission pipelines that have been tested or that have inadequate records to determine the material strength of their lines by reconfirming the Maximum Allowable Operating Pressure, and establishes a new Moderate Consequence Area for determining regulatory requirements for gas transmission pipeline segments outside of HCAs. The rule also establishes new requirements for conducting baseline assessments, incorporates into the regulations industry standards and guidelines regarding design, construction and in-line inspections, and new requirements for data integration and risk analysis in integrity management programs, including seismicity, manufacturing and construction defects, and crack and crack-like defects, and includes several requirements that allow operators to notify PHMSA of proposed alternative approaches to achieving the objectives of the minimum safety standards. We are in the process of assessing the impact of these rules on our future costs of operations and revenue from operations.

States are generally preempted by federal law in the area of pipeline safety, but state agencies may qualify to assume responsibility for enforcing federal regulations over intrastate pipelines. They may also promulgate additive pipeline safety regulations provided that the state standards are at least as stringent as the federal standards. Although many of our natural gas facilities fall within a class that is not subject to integrity management requirements, we may incur significant costs and liabilities associated with repair, remediation, preventive or mitigation measures associated with our non-exempt transmission pipelines. The costs, if any, for repair, remediation, preventive or mitigating actions that may be determined to be necessary as a result of the testing program, as well as lost cash flows resulting from shutting down our pipelines during the pendency of such actions, could be material.

Should we fail to comply with DOT regulations adopted under authority granted to PHMSA, we could be subject to penalties and fines. PHMSA has the authority to impose civil penalties for pipeline safety violations up to a maximum of approximately $210,000 per day for each violation and approximately $2.1 million for a related series of violations. This maximum penalty authority established by statute will continue to be adjusted periodically to account for inflation. In addition, we may be required to comply with new safety regulations and make additional maintenance capital expenditures in the future for similar regulatory compliance initiatives that are not reflected in our forecasted maintenance capital expenditures.

The adoption of legislation relating to hydraulic fracturing and the enactment of new or increased severance taxes and impact fees on natural gas production could cause our current and potential customers to reduce the number of wells they drill in the Marcellus and Utica Shales or curtail production of existing wells. If reductions are significant for those or other reasons, the reductions would have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Our assets are primarily located in the Marcellus Shale fairway in southwestern Pennsylvania and northern West Virginia and the Utica Shale fairway in eastern Ohio, and a substantial majority of the production that we receive from customers is produced from wells completed using hydraulic fracturing. Hydraulic fracturing is an important and commonly used process in the completion of oil and gas wells, particularly in unconventional resource plays like the Marcellus and Utica Shales. Hydraulic fracturing is typically regulated by state oil and gas commissions and similar agencies, but several federal agencies have asserted regulatory authority over aspects of the process, including the EPA, which finalized effluent limit guidelines allowing zero discharge of waste water from shale gas extraction operations to a publicly owned treatment plant in 2016 in addition to existing limits on direct discharges. Additionally, in response to increased public concern regarding the alleged potential impacts of hydraulic fracturing, the EPA has asserted federal regulatory authority pursuant to the federal Safe Drinking Water Act (SDWA) over certain hydraulic fracturing activities involving the use of diesel fuels and published permitting guidance in February 2014 addressing the performance of such activities using diesel fuels. The federal Bureau of Land Management (BLM) has also asserted regulatory authority over aspects of the process, and issued a final rule in March 2015 that established more stringent standards for performing hydraulic fracturing on federal and Indian lands. The BLM rule was struck down by a federal court in Wyoming in June 2016, but was reinstated on appeal by the Tenth Circuit in September 2017. While this appeal was pending, BLM proposed a rulemaking in July 2017 to rescind these rules in their entirety. BLM published a final rule rescinding the 2015 rules in December 2017. However, other federal or state agencies may look to the BLM rule in developing new regulations that could apply to our operations.

The U.S. Congress has from time to time considered the adoption of legislation to provide for federal regulation of hydraulic fracturing, while a growing number of states, including those in which we operate, have adopted, and other states are considering adopting, regulations that could impose more stringent disclosure and/or well construction requirements on hydraulic fracturing operations. Some states, such as Pennsylvania, have imposed fees on the drilling of new unconventional oil and gas wells. States could elect to prohibit hydraulic fracturing altogether, as was announced in December 2014 with regard to hydraulic fracturing activities in New York. Also, certain local governments have adopted, and additional local governments may further adopt, ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. Further, several federal governmental agencies are conducting reviews and studies on the environmental aspects of hydraulic fracturing, including the EPA. For example, in December 2016, the EPA issued its final report on a study it had conducted over several years regarding the effects of hydraulic fracturing on drinking water sources. The final report, contrary to several previously published draft reports issued by the EPA, found instances in which impacts to drinking water may occur. However, the report also noted significant data gaps that prevented the EPA from determining the extent or severity of these impacts. The results of such reviews or studies could spur initiatives to further regulate hydraulic fracturing.

State and federal regulatory agencies recently have focused on a possible connection between the hydraulic fracturing related activities and the increased occurrence of seismic activity. When caused by human activity, such events are called induced seismicity. In a few instances, operators of injection disposal wells in the vicinity of seismic events have been ordered to reduce injection volumes or suspend operations. Some state regulatory agencies, including those in Colorado, Ohio, Oklahoma and Texas, have modified their regulations to account for induced seismicity. While Pennsylvania is not one of the states where such regulation has been enacted, regulatory agencies at all levels are continuing to study the possible linkage between oil and gas activity and induced seismicity. These developments could result in additional regulation and restrictions on the use of injection disposal wells and hydraulic fracturing. Such regulations and restrictions could cause delays and impose additional costs and restrictions on our customers.

The adoption of new laws, regulations or ordinances at the federal, state or local levels imposing more stringent restrictions on hydraulic fracturing could make it more difficult for our customers to complete natural gas wells, increase our customers' costs of compliance and doing business, and otherwise adversely affect the hydraulic fracturing services they perform, which could negatively impact demand for our gathering, transmission and storage, or water services.

Furthermore, the tax laws, rules and regulations that affect our customers are subject to change. For example, Pennsylvania's governor has in recent legislative sessions proposed legislation to impose a state severance tax on the extraction of natural resources, including natural gas produced from the Marcellus and Utica Shale formations, either in replacement of or in addition to the existing state impact fee. Pennsylvania’s legislature has not thus far advanced any of the governor’s severance tax proposals; however, severance tax legislation may continue to be proposed in future legislative sessions. Any such tax increase or change could adversely impact the earnings, cash flows and financial position of our customers and cause them to reduce their drilling in the areas in which we operate.

Our exposure to direct commodity price risk may increase in the future.

For the years ended December 31, 2019, 2018 and 2017, approximately 58%, 54% and 84%, respectively, of EQM's revenues were generated from firm reservation fees. The decrease from 2017 to 2018 reflects the inclusion of RMP's gathering systems for a full year compared to the period from November 13, 2017 through December 31, 2017, as RMP's gathering systems are not supported by contracts with firm reservation fee components. Rather, all of RMP's gathering revenues are generated under long-term interruptible service contracts. As a result, following the EQM-RMP Merger, we have greater exposure to short- and medium-term declines in volumes of gas produced and gathered on our systems. Although we intend to execute long-term firm contracts with new customers in the future, our efforts to obtain such contractual terms may not be successful. Most of our water service agreements are volumetric in nature and therefore are more sensitive to fluctuations in commodity prices and downturns in production by our customers in the future. In addition, we may acquire or develop additional midstream assets in the future that do not provide services primarily based on capacity reservation charges or other fixed fee arrangements and therefore have a greater exposure to fluctuations in commodity price risk than our current operations. Exposure to the volatility of natural gas prices, including regional basis differentials, as a result of our contracts could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

See “EQT Global GGA” and “Water Services Letter Agreement” in Note 19 regarding additional MVCs on gathering and water services from EQT.

We do not own all of the land on which our pipelines and facilities are located, which could disrupt our operations and future development.

We do not own all of the land on which our pipelines and facilities have been constructed, and we are therefore subject to the possibility of more onerous terms and/or increased costs or delays, to retain necessary land use if we do not have valid rights-of-way, if such rights-of-way lapse or terminate or if our facilities are not properly located within the boundaries of such rights-of-way. Although many of these rights are perpetual in nature, we occasionally obtain the rights to construct and operate our pipelines on land owned by third parties and governmental agencies for a specific period of time. If we were to be unsuccessful in negotiating or renegotiating rights-of-way, we might have to institute condemnation proceedings on our FERC-regulated assets or relocate our facilities for non-regulated assets. A loss of rights-of-way or a relocation could have a material adverse effect on our business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders. Additionally, even when we own an interest in the land on which our pipelines and facilities have been constructed, agreements with correlative rights owners may require us to relocate pipelines and facilities, shut in storage facilities to facilitate the development of the correlative rights owners' estate, or pay the correlative rights owners the lost value of their estate if they are not willing to accommodate development.

Our significant indebtedness, and any future indebtedness, as well as restrictions under our and our subsidiary's debt agreements, could adversely affect our operating flexibility, business, financial condition, results of operations, liquidity and ability to make quarterly cash distributions to our unitholders.

Our and Eureka Midstream's respective debt agreements contain various covenants and restrictive provisions that limit our and Eureka Midstream's, as applicable, ability to, among other things:

- incur or guarantee additional debt;
- make distributions on or redeem or repurchase units;
- incur or permit liens on assets;
- enter into certain types of transactions with affiliates;
- enter into certain mergers or acquisitions; and
- dispose of all or substantially all of our or Eureka Midstream's, as applicable, assets.

In October 2018, we amended and restated our credit facility to increase the borrowing capacity from $1 billion to $3 billion and extend the term to October 2023 (the $3 Billion Facility). In August 2019, we entered into a term loan agreement that provided for unsecured term loans in an aggregate principal amount of $1.4 billion (the 2019 Term Loan Agreement), which term loans mature in August 2022. Additionally, Eureka Midstream, LLC (Eureka), a wholly-owned subsidiary of Eureka Midstream, has a $400 million senior secured revolving credit facility that matures in August 2021. Our credit facility and the 2019 Term Loan Agreement each contain a covenant requiring us 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). Under Eureka's credit facility, Eureka is required to maintain a consolidated leverage ratio of not more than 4.75 to 1.00 (or not more than 5.25 to 1.00 for certain measurement periods following the consummation of certain acquisitions). Additionally, as of the end of any fiscal quarter, Eureka may not permit the ratio of consolidated EBITDA (as defined in the Eureka credit facility) for the four fiscal quarters then ending to consolidated interest charges to be less than 2.50 to 1.00. Our and Eureka's ability to meet these covenants can be affected by events beyond each of our respective control and we cannot assure our unitholders that we or Eureka will meet these covenants. In addition, our $3 Billion Facility, the 2019 Term Loan Agreement and the Eureka credit facility each contain events of default customary for such facilities, including the occurrence of a change of control. Furthermore, in June 2018, we issued senior unsecured notes in an aggregate principal amount of $2.5 billion, consisting of $1.1 billion in aggregate principal amount of our 4.75% senior notes due 2023, $850 million in aggregate principal amount of our 5.50% senior notes due 2028, and our $550 million in aggregate principal amount of 6.50% senior notes due 2048.

The provisions of our debt agreements may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our debt agreements could result in an event of default, which could enable our creditors to, subject to the terms and conditions of the applicable agreement, declare any outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and our unitholders could experience a partial or total loss of their investment. The $3 Billion Facility and the 2019 Term Loan Agreement also have cross default provisions that apply to any other indebtedness we may have with an aggregate principal amount in excess of $25 million.

We and our subsidiaries may in the future incur additional debt. Our and our subsidiaries' levels of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes, may be impaired or such financing may not be available on favorable terms;
- our funds available for operations, future business opportunities and distributions to unitholders will be reduced by that portion of our cash flow required to make interest payments on our debt;
- we may be more vulnerable to competitive pressures or a downturn in our business or the economy generally; and
- our flexibility in responding to changing business and economic conditions may be limited.

Our and our subsidiaries' ability to service our respective debts will depend upon, among other things, our respective future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets or seeking additional equity capital. We may not be able to effect any of these actions on satisfactory terms or at all.

See the description of the "Intercompany Loan" in Note 19.

Our substantial indebtedness and the additional debt we and/or our subsidiaries will incur in the future for, among other things, working capital, capital expenditures, capital contributions to the MVP Joint Venture, acquisitions or operating activities may adversely affect our liquidity and therefore our ability to make quarterly cash distributions to our unitholders.

In addition, our significant indebtedness may be viewed negatively by credit rating agencies, which could result in increased costs for us to access the capital markets. Any future additional downgrade of the debt issued by us or our subsidiaries could significantly increase our capital costs or adversely affect our ability to raise capital in the future.

The credit and risk profile of Equitrans Midstream could adversely affect our credit ratings and risk profile, which could increase our borrowing costs or hinder our ability to raise capital.

The credit and business risk profiles of our ultimate parent Equitrans Midstream may be factors considered in credit evaluations of us. For example, on February 4, 2020, S&P downgraded Equitrans Midstream's credit rating from BB to BB-, with a negative outlook, citing S&P's downgrade of our credit rating to a BB+ rating, from a BBB- rating, as the rationale for taking action on Equitrans Midstream's credit rating. S&P cited a downgrade of EQT's credit rating from BBB- to BB+, with a negative outlook, as the rationale for taking action on our credit rating). However, S&P upgraded the Equitrans Midstream's credit rating to BB, with a stable outlook, from BB-, with a negative outlook, citing the single economic entity that will result from the EQM Merger as the rationale for taking action on our credit rating. Additionally, on February 18, 2020, Fitch downgraded Equitrans Midstream's credit rating from BB to B+ with a negative outlook credit rating and the credit rating specifically related to its term loan B from BB to B with a negative outlook. This is because our general partner, which is controlled by Equitrans Midstream through Equitrans Midstream's ownership interest of our general partner, controls our business activities, including our cash distribution policy and growth strategy. Due to our relationship with Equitrans Midstream, our ability to access the capital markets, or the pricing or other terms of any capital markets transactions, may be adversely affected by any impairments to Equitrans Midstream's financial condition, including the degree of its financial leverage and its dependence on cash flows from our general partner to service its indebtedness, or adverse changes in its credit ratings. Any material limitations on our ability to access capital as a result of adverse changes at Equitrans Midstream could limit our ability to obtain future financing under favorable terms, or at all, or could result in increased financing costs in the future. Similarly, material adverse changes at Equitrans Midstream could negatively impact our unit price, limiting our ability to raise capital through equity issuances or debt financing, could negatively affect our ability to engage in, expand or pursue our business activities, and could also prevent us from engaging in certain transactions that might otherwise be considered beneficial to us.

A further downgrade of our credit ratings, including in connection with the MVP project or changes in the credit ratings of EQT, which are determined by independent third parties, could impact our liquidity, access to capital, and costs of doing business.

On January 31, 2020, Moody's affirmed our Ba1 credit rating but changed its outlook from stable to negative, citing uncertainty around the MVP project and EQT's weakening credit profile. Further, on February 4, 2020, S&P downgraded us to a BB+ rating, with a negative outlook, from a BBB- rating, citing a downgrade of EQT's credit rating from BBB- to BB+, with a negative outlook, on February 3, 2020, as well as pressure on our leverage metrics and distribution coverage, as the principle

reasons for the ratings action. On February 27, 2020, S&P further downgraded us to a BB rating, with a stable outlook, from BB+, with a negative outlook, citing increased leverage as a result of the announcement of the EQM Merger as the rationale for taking action on our credit rating. On February 18, 2020, Fitch downgraded us to a BB rating, with a negative outlook, from a BBB- rating, citing a downgrade of EQT's credit rating from BBB- to BB, with a negative outlook, on February 14, 2020, as well as uncertainty around the MVP project, as the principal reasons for the ratings action. If any credit rating agency further downgrades our credit ratings, including for reasons relating to the MVP project, our leverage or the credit ratings of our customers (including EQT), our access to credit markets may be limited, our borrowing costs could increase, and we may be required to provide additional credit assurances in support of commercial agreements, such as joint venture agreements and, if applicable, construction contracts, the amount of which may be substantial. As a result of the downgrades, we are obligated to deliver additional credit support to the MVP Joint Venture, which included letters of credit in the amounts of approximately $220.2 million and $14.2 million with respect to the MVP project and the MVP Southgate project, respectively.

In order to be considered investment grade, we must be rated Baa3 or higher by Moody's, BBB- or higher by S&P and BBB- or higher by Fitch. Our non-investment grade credit ratings by S&P, Moody's and Fitch and any future downgrade will result in greater borrowing costs, including under the $3 Billion Facility and the 2019 EQM Term Loan Agreement and increased collateral requirements, including under the MVP Joint Venture's limited liability company agreement, than would be available to us if all of its credit ratings were investment grade. Our ability to access capital markets could also be limited by economic, market or other disruptions. A further increase in the level of our indebtedness, future delays in the MVP project or increases in such project's costs or further deterioration in the credit ratings of our customers in the future may result in further downgrades in the ratings that are assigned to our debt. Credit rating agencies perform an independent analysis when assigning credit ratings. This analysis includes a number of criteria such as business composition, market and operational risks, as well as various financial tests. Credit rating agencies continue to review the criteria for industry sectors and various debt ratings and may make changes to those criteria from time to time. Credit ratings are subject to revision or withdrawal at any time by the ratings agencies.

Any further downgrade could also lead to higher borrowing costs on our current and for future borrowings and could require:

- additional or more restrictive covenants that impose operating and financial restrictions on us and our subsidiaries;
- our subsidiaries to guarantee such debt and certain other debt; and
- us and our subsidiaries to provide collateral to secure such debt.

Any increase in our financing costs or additional or more restrictive covenants resulting from a credit rating downgrade could adversely affect our ability to finance future operations. If a credit rating downgrade and the resultant collateral requirement were to occur at a time when we were experiencing significant working capital requirements or otherwise lacked liquidity, our results of operations could be adversely affected.

Changes in the method of determining the London Interbank Offered Rate, or the replacement of the London Interbank Offered Rate with an alternative reference rate, may adversely affect interest expense related to outstanding debt.

Amounts drawn under our and our subsidiaries' respective credit facilities may bear interest at rates based on the London Interbank Offered Rate (LIBOR). On July 27, 2017, the Financial Conduct Authority in the United Kingdom announced that it would phase out LIBOR as a benchmark by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. Our and our subsidiaries' respective credit facilities provide for mechanisms to amend the facilities to reflect the establishment of an alternative rate of interest upon the occurrence of certain events related to the phase-out of LIBOR. However, we have not yet pursued any technical amendments or other contractual alternatives to address this matter and are currently evaluating the impact of the potential replacement of the LIBOR interest rate. In addition, the overall financial markets may be disrupted as a result of the phase-out or replacement of LIBOR. Uncertainty as to the nature of such potential phase-out and alternative reference rates or disruption in the financial market could have a material adverse impact on our financial condition, liquidity and results of operations.

Risks Inherent in an Investment in Us

Equitrans Midstream controls our general partner, which has sole responsibility for conducting our business and managing our operations. Potential conflicts of interest may arise among our general partner, its affiliates and us. Our general partner has limited its state law fiduciary duties to us and our unitholders, which may permit it to favor its own interests to the detriment of us and our unitholders. Additionally, the duties of our general partner's officers and directors may conflict with their duties as officers and/or directors of Equitrans Midstream.

Equitrans Midstream's only cash-generating assets are its partnership interests in us. Through its ownership and control of our general partner, Equitrans Midstream has the power to appoint all of the officers and directors of our general partner. Conflicts of interest will arise among Equitrans Midstream and our general partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of Equitrans Midstream over our interests and the interests of our unitholders. These conflicts include the following situations, among others:

- Neither our partnership agreement nor any other agreement requires Equitrans Midstream to pursue a business strategy that favors us, and the directors and officers of Equitrans Midstream have a fiduciary duty to make these decisions in the best interests of Equitrans Midstream, which may be contrary to our interests. Equitrans Midstream may choose to shift the focus of its investment and growth to areas not served by our assets;
- Equitrans Midstream is not limited in its ability to compete with us and may offer business opportunities and/or sell midstream assets to third parties without first offering us the right to bid for them;
- Our general partner is allowed to take into account the interests of parties other than us, such as Equitrans Midstream, in resolving conflicts of interest, which has the effect of limiting its state law fiduciary duty to our unitholders;
- Our general partner determines whether or not we incur debt and that decision may affect our credit ratings;
- Our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limits our general partner's liabilities and restricts the remedies available to our unitholders for actions that, without such limitations, might constitute breaches of fiduciary duty under state law;
- Except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- Our general partner controls the enforcement of the obligations that it and its affiliates owe to us, including Equitrans Midstream's obligations under the Equitrans Midstream Omnibus Agreement;
- Our partnership agreement gives our general partner broad discretion in establishing financial reserves for the proper conduct of our business. These reserves will affect the amount of cash available for distribution to our unitholders;
- Our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and the creation, reduction or increase of reserves, each of which can affect the amount of cash available for distribution to our unitholders;
- Our general partner determines which costs incurred by it and its affiliates are reimbursable by us;
- Our general partner may cause us to borrow funds in order to permit the payment of cash distributions;
- Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;
- Our general partner intends to limit its liability regarding our contractual and other obligations;
- Our general partner may exercise its right to call and purchase all of our common units not owned by it and its affiliates if they own more than 80% of our outstanding common units; and
- Our general partner decides whether to retain separate counsel, accountants or others to perform services for us.

In addition, our general partner's officers and directors have duties to manage our business in a manner beneficial to us, our unitholders and the owner of our general partner that is controlled by Equitrans Midstream. However, five of our general partner's directors and all of its officers are also officers and/or directors of Equitrans Midstream and owe fiduciary duties to Equitrans Midstream. Consequently, these directors and officers may encounter situations in which their obligations to Equitrans Midstream, on the one hand, and us, on the other hand, are in conflict. The resolution of these conflicts may not always be in our best interest or that of our unitholders.

Further, our general partner's officers, all of whom are also officers of Equitrans Midstream (and are compensated by Equitrans Midstream), will have responsibility for overseeing the allocation of their own time and time spent by administrative personnel on our behalf and on behalf of Equitrans Midstream. These officers face conflicts regarding these time allocations that may adversely affect our results of operations, cash flows and financial condition.

Please read "Item 13. Certain Relationships and Related Transactions, and Director Independence" in this Annual Report on Form 10-K.

Equitrans Midstream may compete with us, which could adversely affect our ability to grow and our results of operations and cash available for distribution.

Our partnership agreement provides that our general partner will be restricted from engaging in any business activities other than acting as our general partner and those activities incidental to its ownership of interests in us. Affiliates of our general partner, including Equitrans Midstream and its other subsidiaries, are not prohibited from acquiring and owning assets or engaging in businesses that compete directly or indirectly with us.

Pursuant to the terms of our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our general partner or any of its affiliates, including its executive officers and directors and those of Equitrans Midstream. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment of us and our common unitholders.

Our general partner may require us to forgo certain transactions in order to avoid the risk of Equitrans Midstream incurring material tax-related liabilities or indemnification obligations under Equitrans Midstream's tax matters agreement with EQT.

In order for Equitrans Midstream to avoid incurring material tax-related liabilities or indemnification obligations under its tax matters agreement with EQT, entered into in connection with the Separation, for the two-year period following the Distribution, our general partner may require us to forgo, certain actions or transactions that would otherwise be advantageous that may prevent the Distribution and certain related transactions from qualifying as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code unless, before taking any such action, (a) EQT has obtained a private letter ruling (or, if applicable, a supplemental private letter ruling) in form and substance satisfactory to EQT in the exercise of its reasonable discretion from the IRS and/or any other applicable tax authority to the effect that such transaction will not affect the tax-free status of the Distribution and certain related transactions, (b) Equitrans Midstream has provided EQT with an unqualified tax opinion in form and substance satisfactory to EQT in the exercise of its reasonable discretion to the effect that the transaction will not affect the tax-free status of the Distribution and certain related transactions, or (c) EQT has waived (which waiver may be withheld by EQT in its sole and absolute discretion) the requirement to obtain such a ruling or unqualified tax opinion. In particular, our general partner may require us to continue to operate certain business operations, even if a sale or discontinuance of such business would otherwise be advantageous. Moreover, to preserve the tax-free treatment of the Distribution, our general partner may require us to forgo certain transactions, including certain asset dispositions and other strategic transactions.

If the IRS were to successfully assert that the EQM Merger or Share Purchases resulted in the Distribution and/or certain related transactions being treated as taxable transactions to EQT for U.S. federal income tax purposes, Equitrans Midstream may be required to indemnify EQT for such taxes and related amounts.

The completion of each of the EQM Merger and Share Purchases are conditioned upon, among other things, Equitrans Midstream's delivery to EQT of an unqualified tax opinion (that is in form and substance reasonably satisfactory to EQT) to the effect that the EQM Merger or Share Purchases, as applicable, will not affect the tax-free status of the Distribution and certain related transactions. If Equitrans Midstream were unable to deliver such a tax opinion it might not be able to consummate the EQM Merger or Share Purchases.

Our partnership agreement requires that we distribute all of our available cash, which could limit our ability to grow.

We expect that we will distribute all of our available cash to our unitholders and will rely primarily upon external financing sources. As a result, to the extent we are unable to finance growth through operating cash flow externally, our cash distribution policy will significantly impair our ability to grow.

In addition, because we intend to distribute all of our available cash, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. Our partnership agreement does not limit the number of additional limited partner interests that, with respect to distributions on such partnership interests and distributions upon the

liquidation, dissolution and winding up of EQM, rank junior to our Series A Preferred Units, including our common units and Class B units, that we may issue at any time without the approval of our unitholders, and we do not anticipate there being limitations in our credit facilities, on our ability to issue additional units, including units ranking senior to our common units. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which in turn may impact the available cash that we have to distribute to our unitholders.

The NYSE does not require a publicly traded partnership like us to comply with certain of its corporate governance requirements.

Unlike most corporations, we are not required by NYSE rules to have, and we do not intend to have, a majority of independent directors on our general partner's board of directors or a compensation committee or a nominating and corporate governance committee. Additionally, any future issuance of additional common units or other securities, including to affiliates, will not be subject to the NYSE's shareholder approval rules. Accordingly, unitholders will not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could materially and adversely affect us.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the Dodd-Frank Act and are required to prepare our financial statements according to the rules and regulations required by the SEC. In addition, the Exchange Act requires that we file annual, quarterly and current reports. Our failure to prepare and disclose this information in a timely manner or to otherwise comply with applicable law could subject us to penalties under federal securities laws, expose us to lawsuits and restrict our ability to access financing.

In addition, the Sarbanes-Oxley Act requires that, among other things, we establish and maintain effective internal controls and procedures for financial reporting and disclosure purposes. To comply with this statute, we are required to document and test our internal control procedures, our management is required to assess and issue a report concerning our internal control over financial reporting, and our independent auditors are required to issue an opinion on their audit of our internal control over financial reporting. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business or changes in applicable accounting rules. We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period. If we are not able to maintain or document effective internal control over financial reporting, our independent registered public accounting firm will not be able to certify as to the effectiveness of our internal control over financial reporting. Additionally, as noted under "Management's Report on Internal Control over Financial Reporting," management's assessment of, and conclusion on, the effectiveness of internal control over financial reporting did not include the internal controls of the entities acquired in the Bolt-on Acquisition on April 10, 2019.

Matters affecting our internal controls may cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we or our independent registered public accounting firm reports a material weakness in our internal control over financial reporting. This could have a material and adverse effect on us by, for example, leading to a decline in our unit price or impairing our ability to raise additional capital.

If any of our unitholders are not eligible taxable holders, such unitholders will not be entitled to allocations of income or loss or distributions or voting rights on their common units and their common units will be subject to redemption.

In order to avoid any material adverse effect on the maximum applicable rates that can be charged to customers by our subsidiaries on assets that are subject to rate regulation by the FERC or an analogous regulatory body, we have adopted certain requirements regarding those investors who may own our common units. Eligible taxable holders are defined in our partnership agreement and generally include any individual or entity (i) whose, or whose owners', U.S. federal income tax status (or lack of proof thereof) does not have or is not reasonably likely to have, as determined by our general partner, a material adverse effect on the rates that can be charged to customers with respect to assets that are subject to regulation by the FERC or similar regulatory body; or (ii) as to whom our general partner cannot make the determination in clause (i) above, if our general partner determines that it is in our best interest to permit such individual or entity to own our partnership interests. If any of our unitholders fails to fit the requirements of an eligible taxable holder or fails to certify or has falsely certified that such holder is an eligible taxable holder, such unitholder will not receive allocations of income or loss or distributions or voting rights on their units and they run the risk of having their units redeemed by us at the market price calculated in accordance with our

partnership agreement as of the date of redemption. The redemption price will be paid in cash or by delivery of a promissory note, as determined by our general partner.

Our partnership agreement replaces our general partner's fiduciary duties to holders of our common units with contractual standards governing its duties.

Our partnership agreement contains provisions that eliminate the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law and replace those duties with several different contractual standards. For example, our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, free of any duties to us and our unitholders other than the implied contractual covenant of good faith and fair dealing, which means that a court will enforce the reasonable expectations of the partners where the language in the partnership agreement does not provide for a clear course of action. This provision entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate corporate opportunities among us and other affiliates;
- whether to exercise its limited call right;
- whether to seek approval of the resolution of a conflict of interest by the conflicts committee of the board of directors of our general partner;
- how to exercise its voting rights with respect to the units it owns; and
- whether or not to consent to any merger, consolidation or conversion of the partnership or amendment to our partnership agreement.

By purchasing a common unit or a Series A Preferred unit, unitholders agree to become bound by the provisions in our partnership agreement, including the above provisions.

Our partnership agreement restricts the remedies available to holders of our units for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our partnership agreement contains provisions that restrict the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our partnership agreement provides that:

- whenever our general partner, the board of directors of our general partner or any committee thereof (including the conflicts committee) makes a determination or takes, or declines to take, any other action in their respective capacities, our general partner, the board of directors of our general partner and any committee thereof (including the conflicts committee), as applicable, is required to make such determination, or take or decline to take such other action, in good faith, meaning that it subjectively believed that the decision was in the best interests of our partnership, and, except as specifically provided by our partnership agreement, will not be subject to any other or different standard imposed by our partnership agreement, Delaware law, or any other law, rule or regulation, or at equity;
- our general partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as such decisions are made in good faith; and
- our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers and directors, as the case may be, acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal.

Our general partner will not be in breach of its obligations under our partnership agreement (including any duties to us or our unitholders) if a transaction with an affiliate or the resolution of a conflict of interest is:

- approved by the conflicts committee of the board of directors of our general partner, although our general partner is not obligated to seek such approval;
- approved by the vote of unitholders holding a majority of our outstanding common units, excluding any units owned by our general partner and its affiliates;

- determined by the board of directors of our general partner to be on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
- determined by the board of directors of our general partner to be fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by our general partner or the conflicts committee must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee and the board of directors of our general partner determines that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest satisfies either of the standards set forth in the third and fourth sub-bullets immediately above, then it will be presumed that, in making its decision, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Reimbursements due to our general partner and its affiliates for services provided to us or on our behalf will reduce cash flow available for distributions to our common unitholders. The amount and timing of such reimbursements will be determined by our general partner.

Prior to making any distribution to our common unitholders, we will reimburse our general partner and its affiliates, including Equitrans Midstream, for expenses they incur and payments they make on our behalf. Under our partnership agreement and the Equitrans Midstream Omnibus Agreement, we will reimburse our general partner and its affiliates for certain expenses incurred on our behalf, including administrative costs, such as compensation expenses for those persons who provide services necessary to run our business, and insurance expenses. Our partnership agreement provides that our general partner will determine in good faith the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates will reduce the amount of available cash to pay cash distributions to our common unitholders.

Our unitholders do not elect our general partner or vote on our general partner's directors.

Unlike the holders of common stock in a corporation, our unitholders have only limited voting rights and, therefore, limited ability to influence management's decisions regarding our business. Unitholders will have no right on an annual or ongoing basis to elect our general partner or its board of directors. Rather, the board of directors of our general partner will be appointed by a subsidiary of Equitrans Midstream. Furthermore, if our public unitholders are dissatisfied with the performance of our general partner, they will have limited ability to remove our general partner. As a result of these limitations, the price at which our common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units.

Our unitholders' voting rights are restricted by a provision in our partnership agreement which provides that any units held by a person or group that owns 20% or more of any class of units then outstanding, other than our general partner, its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our general partner, cannot be voted on any matter. In addition, our partnership agreement contains provisions limiting the ability of our unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting our unitholders' ability to influence the manner or direction of our management. As a result, the price at which our common units will trade may be lower because of the absence or reduction of a takeover premium in the trading price.

Equitrans Midstream may transfer its non-economic general partner interest, or the control of our general partner may be transferred, to a third party without unitholder consent.

Our general partner may transfer its non-economic general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, our partnership agreement does not restrict the ability of Equitrans Midstream to transfer all or a portion of its ownership interest in our general partner to a third party. The new owner of our general partner would then be in a position to replace the board of directors and officers of our general partner with its own designees and thereby exert significant control over the decisions made by the board of directors and officers of our general partner.

Equitrans Midstream may sell units in the public or private markets, and such sales could have an adverse impact on the trading price of our common units.

As of December 31, 2019, Equitrans Midstream owned a 59.9% limited partner interest in us (excluding the Series A Preferred Units), which consisted of 117,245,455 of our common units and 7,000,000 Class B units and the entire non-economic general partner interest in us. In addition, we have agreed to provide our general partner and its affiliates, including Equitrans Midstream, with certain registration rights. The sale of these units in the public or private markets could have an adverse impact on the price of our common units or on any trading market that may develop.

Additionally, on February 26, 2020, we, Equitrans Midstream, EQM LP, Merger Sub and the EQM General Partner entered into the EQM Merger Agreement, pursuant to which we will effect the EQM Merger with us surviving as a wholly-owned subsidiary of Equitrans Midstream following the EQM Merger. Following completion of the EQM Merger, our common units will no longer be publicly traded. See "EQM Merger" in Note 19 for additional information.

Our Series A Preferred Units have rights, preferences and privileges that are not held by, and are preferential to the rights of, holders of our common units.

Our Series A Preferred Units rank senior to our common units with respect to distribution rights and rights upon liquidation. These preferences could adversely affect the market price for our common units or could make it more difficult for common unitholders to sell our common units in the future.

In addition, until the conversion of our Series A Preferred Units into our common units or their redemption in connection with a change of control, holders of our Series A Preferred Units will receive cumulative quarterly distributions initially at a fixed rate of $1.0364 per Series A Preferred Unit per quarter for the first twenty distribution periods following the Private Placement (the "initial distribution period") and thereafter the quarterly distributions on the Series A Preferred Units will be an amount per Series A Preferred Unit for such quarter equal to (i) the Series A Preferred Unit purchase price of $48.77 per such unit, multiplied by (ii) a percentage equal to the sum of (A) the greater of (x) the 3-month LIBOR as of the second London banking day prior to the beginning of the applicable quarter and (y) 2.59%, and (B) 6.90%, multiplied by (iii) 25%. We are not permitted to pay any distributions on any junior securities, including on any of our common units, prior to paying the quarterly distribution payable on the Series A Preferred Units, including any previously accrued and unpaid distributions. In addition, because the distribution rate on our Series A Preferred Units will become a floating rate following the initial distribution period, we are unable to predict the amount of such distributions. Our obligation to pay distributions on our Series A Preferred Units could impact our liquidity and reduce the amount of cash flow available for working capital, capital expenditures, growth opportunities, acquisitions, distributions on junior securities, including on our common units, and other general partnership purposes. Our obligations to the holders of our Series A Preferred Units could also limit our ability to obtain additional financing or increase our borrowing costs, which could have an adverse effect on our financial condition.

The EQM Merger constitutes a Partnership Change of Control for the Series A Preferred Units pursuant to the terms of our partnership agreement. See "EQM Merger" in Note 19 for the treatment of the Series A Preferred Units in connection with the EQM Merger.

We may issue additional common units and, subject to certain limitations, other equity interests ranking equal or junior to our Series A Preferred Units without unitholder approval, which would dilute the existing ownership interests of our common unitholders, and increase the risk that we will not have sufficient available cash to maintain our current cash distribution level.

Our partnership agreement does not limit the number of additional limited partner interests that, with respect to distributions on such partnership interests and distributions upon the liquidation, dissolution and winding up of EQM, rank junior to our Series A Preferred Units, including our common units and Class B units, that we may issue at any time without the approval of our unitholders. Subject to certain limited exceptions, our issuance of additional Series A Preferred Units and partnership interests that rank equal to or senior to our Series A Preferred Units requires the consent of the holders of two-thirds ($66^{2}/_{3}$%) of the outstanding Series A Preferred Units. The issuance of additional common units or other equity securities of equal or senior rank will have the following effects:

- our existing unitholders' proportionate ownership interest in us will decrease;
- the amount of distributable cash flow on each unit may decrease;
- our ability to maintain our current cash distribution level may be adversely affected;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit will be diminished; and
- the market price of our common units may decline.

Additional limited partner interest issuances will have a dilutive effect on our earnings per unit, which could adversely affect the market price of our common units. Additionally, any conversion of our Series A Preferred Units to common units, whether at the holders' election or at our election, would increase the number of our common units outstanding, which in turn may impact the amount of any distributions paid in respect of our common unitholders.

The EQM Merger constitutes a Partnership Change of Control for the Series A Preferred Units pursuant to the terms of our partnership agreement. See "EQM Merger" in Note 19 for the treatment of the Series A Preferred Units in connection with the EQM Merger.

On February 27, 2020, we announced our intention to reduce our quarterly distribution from $1.16 per unit to $0.3875 per unit, a decrease of approximately 67% per unit, in connection with the announcement of the EQM Merger, commencing with the first quarter 2020 distribution. See Note 19 for additional information regarding the EQM Merger.

For discussion of dilution as a result of the EQM Merger, see "Risk Relating to the Merger of us and Equitrans Midstream."

The terms of our Series A Preferred Units contain covenants that may limit our business flexibility.

The terms of our Series A Preferred Units contain covenants that prevent us from taking certain actions without the approval of the holders of two-thirds ($66^2/_3\%$) of the outstanding Series A Preferred Units, voting as a separate class. The need to obtain the approval of the holders of our Series A Preferred Units before taking these actions could impede our ability to take certain actions that management or the board of directors of our general partner may consider to be in the best interests of all of our unitholders.

The affirmative vote of two-thirds ($66^2/_3\%$) of the outstanding Series A Preferred Units, voting as a separate class, is necessary to, among other things, (i) amend our partnership agreement or certificate of limited partnership in any manner that is adverse (other than in a *de minimis* manner) to any of the rights, preferences and privileges of the Series A Preferred Units, (ii) issue any additional Series A Preferred Units or any class or series of partnership interests that, with respect to distributions on such partnership interests or distributions in respect of such partnership interests upon the liquidation, dissolution and winding up of us, rank equal to or senior to the Series A Preferred Units, subject to certain exceptions, (iii) reduce the distribution amount applicable to the Series A Preferred Units, change the form of payment of distributions on the Series A Preferred Units, defer the date from which distributions on the Series A Preferred Units will accrue, cancel any accrued and unpaid distributions on the Series A Preferred Units or any interest accrued thereon (including any unpaid distributions or partial distributions on the Series A Preferred Units), or change the seniority rights of the Series A Preferred Units as to the payment of distributions in relation to the holders of any other class or series of partnership interests in us, (iv) reduce the amount payable or change the form of payment to the record holders of the Series A Preferred Units upon the voluntary or involuntary liquidation, dissolution or winding up, or sale of all or substantially all of the assets, of us, or change the seniority of the liquidation preferences of the record holders of the Series A Preferred Units in relation to the rights of the holders of any other class or series of partnership interests in us upon the liquidation, dissolution and winding up of us or (v) make the Series A Preferred Units redeemable or convertible at our option other than as set forth in our partnership agreement.

See "EQM Merger" in Note 19 for the treatment of the Series A Preferred Units in connection with the EQM Merger.

Our general partner intends to limit its liability regarding our obligations.

Our general partner intends to limit its liability under contractual arrangements so that the counterparties to such arrangements have recourse only against our assets, and not against our general partner or its assets. Our general partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our general partner. Our partnership agreement permits our general partner to limit its liability, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our general partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

Our general partner has a call right that may require our unitholders to sell their common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% of our outstanding common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the remaining units held by unaffiliated persons at a price that is not less than the then-current market price of our common units. As a result, our unitholders may be required to sell their common units at an undesirable time or price and may not receive any return on their investment. Our common unitholders may also incur a tax liability upon a sale of their common

units. As of December 31, 2019, affiliates of our general partner owned a 59.9% limited partner interest in us (excluding the Series A Preferred Units), which consisted of 117,245,455 of our common units and 7,000,000 Class B units.

Our unitholders' liability may not be limited if a court finds that unitholder action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law, and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. A unitholder could be liable for any and all of our obligations as if that unitholder were a general partner if a court or government agency were to determine that:

- we were conducting business in a state but had not complied with that particular state's partnership statute; or
- such unitholder's right to act with other unitholders to remove or replace our general partner, to approve some amendments to our partnership agreement or to take other actions under our partnership agreement constitutes "control" of our business.

Furthermore, under Delaware law, a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution under certain circumstances.

Our general partner may mortgage, pledge or grant a security interest in all or substantially all of our assets without prior approval of our unitholders.

Our general partner may mortgage, pledge or grant a security interest in all or substantially all of our assets without prior approval of our unitholders. If our general partner at any time were to decide to incur debt and secure its obligations or indebtedness by all or substantially all of our assets, and if our general partner were to be unable to satisfy such obligations or repay such indebtedness, the lenders could seek to foreclose on our assets. The lenders could also sell all or substantially all of our assets under such foreclosure or other realization upon those encumbrances without prior approval of our unitholders, which would adversely affect the price of our common units.

Unitholders may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Transferees of common units are liable both for the obligations of the transferor to make contributions to the partnership that were known to the transferee at the time of transfer and for those obligations that were unknown if the liabilities could have been determined from the partnership agreement. Neither liabilities to partners on account of their partnership interest nor liabilities that are non-recourse to the partnership are counted for purposes of determining whether a distribution is permitted.

Risks Relating to the Merger of us and Equitrans Midstream

The number of shares of Equitrans Midstream common stock that our unitholders may receive in the pending merger between Equitrans Midstream and us (the EQM Merger) is based on a fixed exchange ratio and will not be adjusted in the event of any change in the price of either shares of the Equitrans Midstream common stock or our common units.

The market value of the merger consideration that our unitholders will receive in the EQM Merger will depend on the trading price of Equitrans Midstream common stock. The exchange ratio set forth in the EQM Merger Agreement that specifies the number of shares of Equitrans Midstream common stock that our unitholders will receive as consideration in the EQM Merger is fixed at 2.44 (the Merger Consideration). This means that there is no mechanism contained in the EQM Merger Agreement that would adjust the number of shares of Equitrans Midstream common stock that our unitholders will receive as the Merger Consideration based on any decreases or increases in the trading price of Equitrans Midstream common stock. Stock price changes may result from a variety of factors (many of which are beyond Equitrans Midstream’s or our control), including:

- changes in Equitrans Midstream’s, EQT's and our business, operations and prospects or market assessments thereof;
- interest rates, general market, industry and economic conditions and other factors generally affecting the price of Equitrans Midstream common stock; and

- federal, state and local legislation, governmental regulation and legal developments in the businesses and industry in which Equitrans Midstream and we operate.

Because the EQM Merger will be completed after the special meeting of holders of Equitrans Midstream common stock, at the time of the meeting, our unitholders will not know the exact market value of Equitrans Midstream common stock that they will receive upon completion of the EQM Merger. If the price of Equitrans Midstream common stock at the closing of the EQM Merger is less than the price of Equitrans Midstream common stock on the date on which the EQM Merger Agreement was signed, then the market value of the Merger Consideration received by our unitholders will be less than contemplated at the time the EQM Merger Agreement was signed.

The EQM Merger is subject to conditions, including certain conditions that may not be satisfied or completed on a timely basis, if at all. Failure to complete the EQM Merger could have a material and adverse effect on us and, even if completed, the EQM Merger may not achieve some or all of the anticipated benefits.

On February 27, 2020, we and Equitrans Midstream announced that we entered into that certain Agreement and Plan of Merger, dated as of February 26, 2020, by and among Equitrans Midstream, EQM LP Corporation, a Delaware corporation and a wholly-owned subsidiary of Equitrans Midstream (EQM LP), LS Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of EQM LP, us and the EQM General Partner (the EQM Merger Agreement). Completion of the EQM Merger is subject to a number of conditions set forth in the EQM Merger Agreement, including: (i) approval of the EQM Merger Agreement by a majority of the holders of EQM common units, Class B unitholders and Series A Preferred Units, with such Series A Preferred units treated as common units on an as-converted basis, voting together as a single class; (ii) approval of the issuance of shares of Equitrans Midstream common stock (the Equitrans Midstream Stock Issuance) by a majority of votes cast at a special meeting of holders of Equitrans Midstream common stock; (iii) there being no law or injunction prohibiting consummation of the transactions contemplated under the EQM Merger Agreement; (iv) the effectiveness of a registration statement on Form S-4 relating to the Equitrans Midstream Stock Issuance pursuant to the EQM Merger Agreement; (v) approval for listing on the New York Stock Exchange of Equitrans Midstream common stock issuable pursuant to the EQM Merger Agreement; (vi) subject to specified materiality standards, the accuracy of certain representations and warranties of each party; (vii) the delivery of a tax opinion to Equitrans Midstream; (viii) compliance by the respective parties in all material respects with their respective covenants; and (ix) closing the Restructuring (defined in Note 19). These and other conditions to the closing of the EQM Merger may not be fulfilled in a timely manner or at all, and, accordingly, the EQM Merger may be delayed or may not be completed.

If the EQM Merger is not completed, our ongoing businesses or the price of our common units may be adversely affected and, without realizing any of the benefits of having completed the EQM Merger, we will be subject to a number of risks, including the following:

- we will be required to pay our costs relating to the EQM Merger, such as legal, accounting and financial advisory expenses, whether or not the EQM Merger is completed;
- time and resources committed by the management of the EQM General Partner to matters relating to the EQM Merger could otherwise have been devoted to pursuing other beneficial opportunities; and
- the market price of EQM common units could decline to the extent that the current market price reflects a market assumption that the EQM Merger will be completed.

In addition, even if completed there can be no assurance that the EQM Merger will deliver the benefits anticipated by us.

Financial projections relating to the combined company after the EQM Merger may not be achieved.

In connection with the EQM Merger, Equitrans Midstream prepared and considered, among other things, internal financial forecasts and analyses for Equitrans Midstream and us, which were prepared by employees of Equitrans Midstream. These financial projections include assumptions regarding future operating cash flows, expenditures, and income of Equitrans Midstream and us. These financial projections were not prepared with a view to public disclosure, are subject to significant economic, competitive, industry, regulatory and other uncertainties and may not be achieved in full, at all, or within projected timeframes. The failure of Equitrans Midstream's or our businesses to achieve projected results, including projected cash flows, could have a material adverse effect on the price of shares of Equitrans Midstream common stock, Equitrans Midstream's financial position, and ability of Equitrans Midstream to maintain or increase its dividends following the EQM Merger, if at all.

We and Equitrans Midstream may be targets of securities class action and derivative lawsuits, which could result in substantial costs and may delay or prevent the completion of the EQM Merger.

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into merger agreements in an effort to enjoin the relevant merger or seek monetary relief. If Equitrans Midstream or we are subject to such lawsuits related to the EQM Merger Agreement or the EQM Merger, even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. We and Equitrans Midstream cannot predict the outcome of these lawsuits, or others, nor can either company predict the amount of time and expense that will be required to resolve such litigation. An unfavorable resolution of any such litigation surrounding the EQM Merger could delay or prevent its consummation. In addition, the costs of defending the litigation, even if resolved in our or Equitrans Midstream's favor, could be substantial and such litigation could distract us and Equitrans Midstream from pursuing the consummation of the EQM Merger and other potentially beneficial business opportunities.

We and Equitrans Midstream will incur substantial transaction-related costs in connection with the EQM Merger, including fees paid to legal, financial and accounting advisors, filing fees and printing costs. If the EQM Merger does not occur, the companies will not benefit from these expenses. In addition, we and Equitrans Midstream may not achieve the net benefits from the EQM Merger in the near term.

We and Equitrans Midstream expect to incur a number of non-recurring transaction-related costs associated with completing the EQM Merger. These fees and costs will be substantial. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees and printing costs. If the EQM Merger does not occur, neither us nor Equitrans Midstream will benefit from these expenses.

Equitrans Midstream may reduce the amount of the cash dividend that it pays on Equitrans Midstream common stock or may not pay any cash dividends at all to its shareholders. Equitrans Midstream's ability to declare and pay cash dividends to its shareholders, if any, in the future will depend on various factors, many of which are beyond its control.

Equitrans Midstream is not required to declare dividends of its available cash to its common shareholders. The Equitrans Midstream Board may further reduce its current dividend policy or may decide not to declare any dividends in the future. Any payment of future dividends will be at the sole discretion of the Equitrans Midstream Board and will depend upon many factors, including the financial condition, earnings, liquidity and capital requirements of Equitrans Midstream's operating subsidiaries, covenants associated with certain debt obligations, legal requirements, regulatory constraints and other factors deemed relevant by the Equitrans Midstream Board.

Our unitholders will have a reduced ownership after the EQM Merger.

Equitrans Midstream will issue approximately 203,037,707 shares of Equitrans Midstream common stock to EQM unitholders in the EQM Merger. As a result of these issuances, current holders of Equitrans Midstream common stock and EQM unitholders are expected to hold approximately 53% and 47%, respectively, of the outstanding shares of Equitrans Midstream common stock immediately following completion of the EQM Merger.

When the EQM Merger occurs, the Equitrans Midstream common stock that each of our unitholders receive in exchange for our common units will represent a smaller percentage ownership of the combined company than our unitholders' collective percentage ownership of us.

The shares of Equitrans Midstream common stock to be received by our unitholders as a result of the EQM Merger have different rights than our common units.

Following completion of the EQM Merger, our unitholders will own Equitrans Midstream common stock. There are important differences between the rights of our unitholders and the rights of the holders of Equitrans Midstream common stock. Ownership interests in a limited partnership are different than ownership interests in a corporation. Following the EQM Merger, the rights as a shareholder of Equitrans Midstream, a Pennsylvania corporation, will be governed by the organizational documents of Equitrans Midstream and the Pennsylvania Business Corporation Law, rather than the terms of the Partnership Agreement and the Delaware Revised Uniform Limited Partnership Act applicable to the holders of our common units.

Directors and executive officers of the EQM General Partner have certain interests that are different from those of our unitholders generally.

The directors and executive officers of the EQM General Partner are parties to agreements or participants in other arrangements that give them interests in the EQM Merger that may be different from, or in addition to, the interests of our unitholders. In addition, certain of the directors and executive officers of the EQM General Partner are also directors or executive officers of Equitrans Midstream. These and other different interests will be described in the joint proxy statement/prospectus that we and Equitrans Midstream intend to file with the SEC when it becomes available. Our unitholders should consider these interests in voting on the EQM Merger.

Our Partnership Agreement limits the duties of the EQM General Partner to our unitholders and restricts the remedies available to unitholders for actions taken by the EQM General Partner that might otherwise constitute breaches of its duties.

The EQM General Partner is a subsidiary of Equitrans Midstream, and Equitrans Midstream indirectly owns the non-economic general partner interest in us. In light of potential conflicts of interest between Equitrans Midstream and the EQM General Partner, on the one hand, and us and the EQM unitholders, on the other hand, the EQM Board submitted the EQM Merger and related matters to the EQM Conflicts Committee for, among other things, review, evaluation, negotiation and possible approval of a majority of its members, which is referred to as "Special Approval" in our Partnership Agreement. Pursuant to our Partnership Agreement:

- any determination or course of action by the EQM General Partner or our Board will conclusively be deemed to be in "good faith" and shall not be subject to any other or different standards (including fiduciary standards) imposed by our Partnership Agreement if the resolution or course of action is approved by Special Approval; and
- the EQM General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such persons as to matters that the EQM General Partner reasonably believes to be within such person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

The EQM Conflicts Committee reviewed, negotiated and evaluated the EQM Merger Agreement, the EQM Merger and related matters on behalf of our unitholders and us. Among other things, the EQM Conflicts Committee unanimously determined in good faith that the EQM Merger Agreement and the transactions contemplated thereby, including the EQM Merger, are in our best interests, and the Unaffiliated Partnership Unitholders approved the EQM Merger Agreement and the transactions contemplated thereby, including the EQM Merger, and recommended the approval of the EQM Merger Agreement and the transactions contemplated thereby, including the EQM Merger, to our Board.

The duties of the EQM General Partner, the EQM Board and the EQM Conflicts Committee to our unitholders in connection with the EQM Merger are substantially limited by our Partnership Agreement.

Tax Risks to Our Common Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes. If the IRS were to treat us as a corporation for federal income tax purposes, which would subject us to entity-level taxation, then our distributable cash flow to our unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not currently plan to request, a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes.

Despite the fact that we are a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as ours to be treated as a corporation for federal income tax purposes. A change in our business or a change in current law could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently 21.0%, and would likely pay state and local income tax at varying rates. Distributions to our unitholders would generally be taxed again as corporate dividends (to the extent of our current and accumulated earnings and profits), and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our distributable cash flow to our unitholders would be substantially reduced. Therefore, if we were treated as a corporation for federal income tax purposes there would be a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units.

If we were subjected to a material amount of additional entity-level taxation by individual states or other taxing jurisdictions, it would reduce our distributable cash flow to our unitholders.

Changes in current law may subject us to additional entity-level taxation by individual states or other taxing jurisdictions. Because of widespread budget deficits and other reasons, several states and other taxing jurisdictions are evaluating ways to subject partnerships to entity-level taxation through the imposition of income, franchise and other forms of taxation. Imposition of such additional tax on us would reduce the distributable cash flow to our unitholders. Our partnership agreement provides that, if a law is enacted or existing law is modified or interpreted in a manner that subjects us to entity-level taxation, the

minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of the U.S. Congress propose and consider such substantive changes to the existing federal income tax laws that affect publicly traded partnerships. If successful, the proposals could eliminate the qualifying income exception to the treatment of all publicly traded partnerships as corporations upon which we rely for our treatment as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted, but it is possible that a change in law could affect us and may, if enacted, be applied retroactively. Any such changes could negatively impact the value of an investment in our common units.

Following completion of the EQM Merger, our common units will no longer be publicly traded.

Our unitholders are required to pay income taxes on their share of our taxable income even if they do not receive any cash distributions from us. A unitholder's share of our taxable income, and its relationship to any distributions we make, may be affected by a variety of factors, including our economic performance, transactions in which we engage or changes in law and may be substantially different from any estimate we make in connection with a unit offering.

A unitholder's allocable share of our taxable income will be taxable to such unitholder, which may require the unitholder to pay federal income taxes and, in some cases, state and local income taxes, even if the unitholder receives cash distributions from us that are less than the actual tax liability that results from that income or no cash distributions at all.

A unitholder's share of our taxable income, and its relationship to any distributions we make, may be affected by a variety of factors, including our economic performance, which may be affected by numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control, and certain transactions in which we might engage. For example, we may engage in transactions that produce substantial taxable income allocations to some or all of our unitholders without a corresponding increase in cash distributions to our unitholders, such as a sale or exchange of assets, the proceeds of which are reinvested in our business or used to reduce our debt, or an actual or deemed satisfaction of our indebtedness for an amount less than the adjusted issue price of the debt. A unitholder's ratio of its share of taxable income to the cash received by it may also be affected by changes in law. For instance, under the law known as the Tax Cuts and Jobs Act of 2017 (the Tax Reform Legislation), the net interest expense deductions of certain business entities, including us, are limited to 30% of such entity's "adjusted taxable income," which is generally taxable income with certain modifications. If the limit applies, a unitholder's taxable income allocations will be more (or its net loss allocations will be less) than would have been the case absent the limitation.

From time to time, in connection with an offering of our common units, we may state an estimate of the ratio of federal taxable income to cash distributions that a purchaser of our common units in that offering may receive in a given period. These estimates depend in part on factors that are unique to the offering with respect to which the estimate is stated, so the expected ratio applicable to other common units will be different, and in many cases less favorable, than these estimates. Moreover, even in the case of common units purchased in the offering to which the estimate relates, the estimate may be incorrect, due to the uncertainties described above, challenges by the IRS to tax reporting positions which we adopt, or other factors. The actual ratio of taxable income to cash distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of our common units.

If the IRS contests the federal income tax positions we take, the market for our common units may be adversely impacted and the cost of any IRS contest will reduce our distributable cash flow to our unitholders.

We have not requested, and do not currently plan to request, a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes or any other tax matter affecting us. The IRS may adopt positions that differ from the conclusions of our counsel expressed in a prospectus or from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of our counsel's conclusions or the positions we take, and such positions may not ultimately be sustained. A court may not agree with some or all of our counsel's conclusions or the positions we take. Any contest with the IRS, and the outcome of any IRS contest, may have a materially adverse impact on the market for our common units and the price at which they trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our cash available for distribution to our unitholders.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it (and some states) may assess and collect any resulting taxes (including any applicable penalties and interest) directly from us, in which case we may require our unitholders and former unitholders to reimburse us for such taxes (including any applicable penalties or interest) or, if we are required to bear such payment, our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it (and some states) may assess and collect any resulting taxes (including any applicable interest and penalties) directly from us. We will generally have the ability to shift any such tax liability to our general partner and our unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to do so (or will choose to do so) under all circumstances, or that we will be able to (or choose to) effect corresponding shifts in state income or similar tax liability resulting from the IRS adjustment in states in which we do business in the year under audit or in the adjustment year. If we make payments of taxes, penalties and interest resulting from audit adjustments, we may require our unitholders and former unitholders to reimburse us for such taxes (including any applicable penalties or interest) or, if we are required to bear such payment, our cash available for distribution to our unitholders might be substantially reduced. Additionally, we may be required to allocate an adjustment disproportionately among our unitholders, causing the publicly traded units to have different capital accounts, unless the IRS issues further guidance.

In the event the IRS makes an audit adjustment to our income tax returns and we do not or cannot shift the liability to our unitholders in accordance with their interests in us during the year under audit, we will generally have the ability to request that the IRS reduce the determined underpayment by reducing the suspended passive loss carryovers of our unitholders (without any compensation from us to such unitholders), to the extent such underpayment is attributable to a net decrease in passive activity losses allocable to certain partners. Such reduction, if approved by the IRS, will be binding on any affected unitholders.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, under the Tax Reform Legislation, for taxable years beginning after December 31, 2017, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." For purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If our unitholders sell their common units, our unitholders will recognize a gain or loss for federal income tax purposes equal to the difference between the amount realized and their tax basis in those common units. Because distributions in excess of our unitholders' allocable share of our net taxable income decrease their tax basis in their common units, the amount, if any, of such prior excess distributions with respect to the common units our unitholders sell will, in effect, become taxable income to our unitholders if they sell such common units at a price greater than their tax basis in those common units, even if the price our unitholders receive is less than their original cost. Furthermore, a substantial portion of the amount realized on any sale or other disposition of our unitholders' common units, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depreciation recapture. In addition, because the amount realized includes our unitholders' share of our nonrecourse liabilities, if our unitholders sell their common units, our unitholders may incur a tax liability in excess of the amount of cash they receive from the sale.

The EQM Merger is structured as a taxable transaction to EQM’s unitholders. As a result, our unitholders that receive the Merger Consideration in exchange for our common units will recognize a gain or loss for federal income tax purposes equal to the difference between the amount realized and their tax basis in those common units.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investment in common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file U.S. federal income tax returns and pay tax on their share of our taxable income.

Under the Tax Reform Legislation, if a unitholder sells or otherwise disposes of a common unit, the transferee is required to withhold 10.0% of the amount realized by the transferor unless the transferor certifies that it is not a foreign person, and we are required to deduct and withhold from the transferee amounts that should have been withheld by the transferee but were not withheld. However, the Department of the Treasury and the IRS have determined that this withholding requirement should not apply to any disposition of a publicly traded interest in a publicly traded partnership (such as us) until regulations or other guidance have been issued clarifying the application of this withholding requirement to dispositions of interests in publicly traded partnerships. In May 2019, the IRS issued proposed Treasury Regulations that would require withholding on open market transactions, effective 60 days after the issuance of final Treasury Regulations, but in the case of a transfer made through a broker, would exclude a partner's share of liabilities from the amount realized. In addition, the obligation to withhold would be imposed on the broker instead of the transferee. It is not clear if or when the proposed Treasury Regulations will be finalized and in what form, or if other guidance will be issued.

Tax-exempt entities and non-U.S. persons should consult a tax advisor before investing in our common units.

We will treat each purchaser of common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of our common units.

Because we cannot match transferors and transferees of common units and because of other reasons, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from our unitholders' sales of common units and could have a negative impact on the value of our common units or result in audit adjustments to our unitholders' tax returns.

We prorate our items of income, gain, loss and deduction for U.S. federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We prorate our items of income, gain, loss and deduction for U.S. federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. Treasury Regulations allow a similar monthly convention, but such regulations do not specifically authorize all aspects of the proration method we have adopted. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders. We are authorized to revise our method of allocation between transferee and transferor unitholders, as well as among unitholders whose interests vary during a taxable year, to conform to a method permitted under future Treasury Regulations.

A unitholder who disposes of units prior to the ex-dividend date immediately preceding the record date set for a cash distribution for that quarter will be allocated items of our income, gain, loss and deduction attributable to the month of disposition (and any prior month for which the holder held such units on the first day of such month) but will not be entitled to receive a cash distribution for that period.

A unitholder whose common units are loaned to a "short seller" to cover a short sale of common units may be considered as having disposed of those common units. If so, the unitholder would no longer be treated for federal income tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

Because a unitholder whose common units are loaned to a "short seller" to cover a short sale of common units may be considered as having disposed of the loaned common units, the unitholder may no longer be treated for federal income tax purposes as a partner with respect to those common units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Our unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from loaning their common units.

We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the timing or amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

As a result of investing in our common units, our unitholders may become subject to state and local taxes and return filing requirements in jurisdictions where we operate or own or acquire properties.

In addition to federal income taxes, our unitholders will likely be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if they do not live in any of those jurisdictions. Our unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements. We own property or conduct business in Pennsylvania, West Virginia and Ohio and will be expanding into Virginia with the MVP project and North Carolina with the MVP Southgate project, each of which currently imposes a personal income tax on individuals. Each of these states also imposes an income or gross receipts tax on corporations and other entities. As we make acquisitions or expand our business, we may own property or conduct business in additional states that impose a personal income tax. It is our unitholders' responsibility to file all U.S. federal, state and local tax returns.

Compliance with and changes in tax laws could adversely affect our performance.

We are subject to extensive tax laws and regulations, including federal, state and foreign income taxes and transactional taxes such as excise, sales/use, payroll, franchise and ad valorem taxes. New tax laws and regulations and changes in existing tax laws and regulations are continuously being enacted that could result in increased tax expenditures in the future. Many of these tax liabilities are subject to audits by the respective taxing authority. These audits may result in additional taxes as well as interest and penalties.

See also "Item 7A. Quantitative and Qualitative Disclosures About Market Risk," for further discussion regarding EQM's exposure to market risks, which is incorporated herein by reference.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

EQM leases its corporate office in Canonsburg, Pennsylvania.

EQM's real property falls into two categories: (i) parcels that it owns in fee and (ii) parcels in which its interest derives from leases, easements, rights-of-way, permits or licenses from landowners or governmental authorities permitting the use of such land for EQM's operations. Certain lands on which EQM's pipelines and facilities are located are owned by EQM in fee title, and EQM believes that it has satisfactory title to these lands. The remainder of the lands on which EQM's pipelines and facilities are located are held by EQM pursuant to surface leases or easements between EQM, as lessee or grantee, and the respective fee owners of the lands, as lessors or grantors. EQM has held, leased or owned many of these lands for many years without any material challenge known to EQM relating to the title to the land upon which the assets are located, and EQM believes that it has satisfactory leasehold estates, easement interests or fee ownership to such lands. EQM believes that it has satisfactory title to all of its material leases, easements, rights-of-way, permits and licenses, and EQM has no knowledge of any material challenge to its title to such assets or their underlying fee title.

There are, however, certain lands within EQM's storage pools as to which it may not currently have vested real property rights, some of which are subject to ongoing acquisition negotiations or condemnation proceedings. In accordance with Equitrans, L.P.'s FERC certificates, the geological formations within which its permitted storage facilities are located cannot be used by third parties in any way that would detrimentally affect its storage operations, and EQM has the power of eminent domain with respect to the acquisition of necessary real property rights to use such storage facilities. Certain property owners have initiated legal proceedings against EQM and its affiliates for trespass, inverse condemnation and other claims related to these matters,

and there is no assurance that other property owners will not initiate similar legal proceedings against EQM and its affiliates prior to final resolution.

See "Item 1. Business" for a discussion and map of EQM's operations.

Item 3. Legal Proceedings

In the ordinary course of business, various legal and regulatory claims and proceedings are pending or threatened against EQM and its subsidiaries. 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 incurred. EQM establishes reserves whenever it believes it to be appropriate for pending matters. Furthermore, after consultation with counsel and considering available insurance, EQM believes that the ultimate outcome of any matter currently pending against EQM or any of its subsidiaries will not materially affect its business, financial condition, results of operations, liquidity or ability to make distributions to EQM unitholders.

Environmental Proceedings

Administrative Order, Swarts Storage Field, Greene County, PA. On December 26, 2018, EQM received an administrative order from the Pennsylvania Department of Environmental Protection (PADEP) alleging non-compliance with certain regulations and failure to submit required information regarding encroaching mining operations in the storage field and authorizing the PADEP to shut down the storage field. EQM believes that it has substantially complied with the regulations, has complied with the PADEP information requests, and objects to the factual foundations of the administrative order. On January 10, 2019, the PADEP issued a letter suspending the portion of the administrative order that purported to authorize the PADEP to shut down the storage field. On January 25, 2019, EQM filed an administrative appeal on the PADEP's order to preserve its rights in any future proceedings. On October 29, 2019, EQM and the PADEP agreed to a Consent Order that requires ongoing compliance obligations and payment of a civil penalty of $0.65 million. The civil penalty has been paid, and documents resolving this matter have been signed.

Pennsylvania DEP Consent Order, Mako Consent Order. During the third quarter of 2019, the PADEP tendered a proposed consent order to settle multiple notices of violations (NOVs) issued to EQM in September 2016 for erosion and sedimentation violations, as well as failure to comply with the conditions of EQM's Erosion and Sediment Control General Permit. On December 17, 2019 EQM finalized and executed a consent order and resolved all outstanding issues for less than $100,000. All amounts have been paid.

Pennsylvania DEP Consent Assessment of Civil Penalty, Fresh Water Withdraw System. During the third quarter of 2019, the PADEP issued a draft Consent Assessment of Civil Penalty to EQM, citing a failure to report monthly and total withdraws from certain freshwater sources, failure to register a source, and failure to maintain a source/tap. EQM has implemented corrective actions including registration of all water sources and installation of equipment to prevent non-compliance events. EQM is continuing negotiations with the PADEP. EQM expects that this matter could result in monetary penalties in excess of $100,000, but does not believe that if imposed the payments will have a material impact on its financial condition, results of operations or liquidity.

Ohio Environmental Protection Agency Notice of Violation, Third-Party Dehydration Facilities. On August 23, 2019, the Ohio Environmental Protection Agency (OEPA) issued an NOV to EQM, stating that fourteen dehydration facilities are operating without required air permits. EQM contests liability and the applicability of OEPA's assessment. EQM is continuing negotiations. EQM expects that this matter will be resolved in its favor. If not, this matter could result in monetary penalties in excess of $100,000, but EQM does not believe that the penalties, if imposed, will have a material impact on the financial condition, results of operations or liquidity of EQM.

Eureka System Environmental Remediation. On April 10, 2019, EQM acquired a 60% equity interest in Eureka Midstream. Eureka Midstream received one NOV from the OEPA in April 2019 and two in June 2019 associated with legacy slips. EQM cannot predict with certainty whether any facts or circumstances discovered during the inventory will result in a state environmental agency issuing additional NOVs. If penalties are imposed, an individual penalty or the aggregate of these penalties could result in monetary sanctions in excess of $100,000. However, EQM does not believe that the penalties, if imposed, will have a material impact on the financial condition, results of operations or liquidity of EQM.

MVP Matters

The MVP Joint Venture is currently defending certain agency actions and judicial challenges to the MVP that must be resolved favorably before the project can be completed, including the following:

- *Sierra Club, et al. v. U.S. Army Corps of Engineers, et al., consolidated under Case No. 18-1173, Fourth Circuit Court of Appeals (Fourth Circuit).* In February 2018, the Sierra Club filed a lawsuit in the Fourth Circuit against the U.S. Army Corps of Engineers (the U.S. Army Corps). The lawsuit challenges the verification by the Huntington District of the U.S. Army Corps that Nationwide Permit 12, which generally authorizes discharges of dredge or fill material into waters of the United States and the construction of pipelines across such waters under Section 404 of the Clean Water

Act, could be utilized in the Huntington District (which covers all but the northernmost area of West Virginia) for the MVP project. The crux of Sierra Club's position was that the MVP Joint Venture, pursuant to its FERC license, planned to use a certain methodology (dry open cut creek crossing methodology) to construct the pipeline across streams in West Virginia that would take considerably longer than the 72 hours allowed for such activities pursuant to the terms of West Virginia's Clean Water Act Section 401 certification for Nationwide Permit 12. A three-judge panel of the Fourth Circuit agreed with the Sierra Club and on October 2, 2018, issued a preliminary order stopping the construction in West Virginia of that portion of the pipeline that is subject to Nationwide Permit 12. Following the issuance of the court's preliminary order, the U.S. Army Corps' Pittsburgh District (which had also verified use of Nationwide Permit 12 by MVP in the northern corner of West Virginia) suspended its verification that allowed the MVP Joint Venture to use Nationwide Permit 12 for stream and wetlands crossings in northern West Virginia. On November 27, 2018, the Fourth Circuit panel issued its final decision vacating the Huntington District's verification of the use of Nationwide Permit 12 in West Virginia. West Virginia subsequently revised its Section 401 certification for Nationwide Permit 12, however, unless and until the U.S. Army Corps Huntington and Pittsburgh Districts re-verify the MVP Joint Venture's use of Nationwide Permit 12, or the MVP Joint Venture secures an individual Section 404 permit with the concurrence of both Districts, the MVP Joint Venture cannot perform any construction activities in any streams and wetlands in West Virginia.

- *WVDEP Rulemaking Proceedings – Section 401 Nationwide Permit.* On April 13, 2017, the West Virginia Department of Environmental Protection (WVDEP) issued a 401 Water Quality Certification for the U.S. Army Corps Nationwide Permits. In August 2018, the WVDEP initiated an administrative process to revise this certification and requested public comment to, among other things, specifically revise the 72-hour limit for stream crossings noted as problematic by the Fourth Circuit as well as other conditions. The WVDEP issued a new notice and comment period for further modifications of the 401 certification. On April 24, 2019, the WVDEP submitted the modification to the United States EPA for approval (since the WVDEP is also required to obtain the EPA's agreement to the modified 401 certification) and provided notice to the U.S. Army Corps. The EPA's agreement to the WVDEP's modification of its water quality certification was received in August 2019 and, accordingly, the MVP Joint Venture anticipates that it will once again secure from the U.S. Army Corps Districts within West Virginia verification that its activities, including stream crossings, may proceed under Nationwide Permit 12 as re-certified by the WVDEP. The U.S. Army Corps approved the WVDEP's modification of its Nationwide Permit on January 24, 2020. The MVP Joint Venture submitted a new permit application on January 28, 2020 anticipating a permit decision in early 2020. However, the MVP Joint Venture cannot guarantee that the WVDEP's action will not be challenged or that the U.S. Army Corps Districts will act promptly or be deemed to have acted properly if challenged, in which case reverification may be further delayed.

- *Sierra Club, et al. v. U.S. Army Corps of Engineers et al., Case No. 18-1713, Fourth Circuit Court of Appeals.* In June 2018, the Sierra Club filed a second petition in the Fourth Circuit against the U.S. Army Corps, seeking review and a stay of the U.S. Army Corps Norfolk District's decision to verify the MVP Joint Venture's use of Nationwide Permit 12 for stream crossings in Virginia. The Fourth Circuit denied the Sierra Club's request for a stay on August 28, 2018. On October 5, 2018, the U.S. Army Corps' Norfolk District suspended its verification under Nationwide Permit 12 for stream crossings in Virginia pending the resolution of the West Virginia proceedings outlined above. On December 10, 2018, the U.S. Army Corps filed a motion to place the case in abeyance which the court granted on January 9, 2019. Until the U.S. Army Corps lifts its suspension, the MVP Joint Venture cannot perform any construction activities in any streams and wetlands in Virginia. Once the Huntington and Pittsburgh District issues are resolved as discussed above, the Norfolk District will be in the position to consider lifting the suspension of the verification for the MVP Joint Venture's use of Nationwide Permit 12. The administrative proceeding described above is addressing the issues raised by the court. However, the MVP Joint Venture cannot guarantee that the agencies' actions will not be challenged or that the U.S. Army Corps Districts will act promptly or be deemed to have acted properly if challenged, in which case reverification may be further delayed.

- *Sierra Club, et al. v. U.S. Forest Service, et al., consolidated under Case No. 17-2399, Fourth Circuit Court of Appeals.* In a different Fourth Circuit appeal filed in December 2017, the Sierra Club challenged a BLM decision to grant a right-of-way to the MVP Joint Venture and a U.S. Forest Service (USFS) decision to amend its management plan to accommodate MVP, both of which affect the MVP's 3.6-mile segment in the Jefferson National Forest in Virginia. On July 27, 2018, agreeing in part with the Sierra Club, the Fourth Circuit vacated the BLM and USFS decisions, finding fault with the USFS' analysis of erosion and sedimentation effects and the BLM's analysis of the practicality of alternate routes. On August 3, 2018, citing the court's vacatur and remand, the FERC issued a stop work order for the entire pipeline pending the agency actions on remand. The FERC modified its stop work order on August 29, 2018 to allow work to continue on all but approximately 25 miles of the project. On October 10, 2018, the Fourth Circuit granted a petition for rehearing filed by the MVP Joint Venture for the limited purpose of clarifying that the July 27, 2018 order did not vacate the portion of the BLM's Record of Decision authorizing a right-of-way and

temporary use permit for MVP to cross the Weston and Gauley Bridge Turnpike Trail in Braxton County, West Virginia. On October 15, 2018, the MVP Joint Venture filed with the FERC a request to further modify the August 3, 2018 stop work order to allow the MVP Joint Venture to complete the bore and install the pipeline under the Weston and Gauley Bridge Turnpike Trail. On October 24, 2018, the FERC granted the MVP Joint Venture's request to further modify the stop work order and authorize construction. However, work on the 3.6-mile segment in the Jefferson National Forest must await a revised authorization, which the MVP Joint Venture is working to obtain.

- *Challenges to FERC Certificate, Court of Appeals for the District of Columbia Circuit (DC Circuit).* Multiple parties have sought judicial review of the FERC's order issuing a certificate of convenience and necessity to the MVP Joint Venture and/or the exercise by the MVP Joint Venture of eminent domain authority. On February 19, 2019, the DC Circuit issued an order rejecting multiple consolidated petitions seeking direct review of the FERC order under the Natural Gas Act and certain challenges to the exercise by the MVP Joint Venture of eminent domain authority in *Appalachian Voices, et al. v. FERC, et al.*, consolidated under Case No. 17-1271. No petitions for rehearing or petitions for rehearing en banc were filed by the April 5, 2019 deadline. The mandate was issued on April 17, 2019. Another group of parties filed a complaint in the U.S. District Court for the District of Columbia asserting that the FERC's order issuing certificates is unlawful on constitutional and other grounds in *Bold Alliance, et al. v. FERC, et al.*, Case No. 1:17-cv-01822-RJL. The district court plaintiffs seek declaratory relief as well as an injunction preventing the MVP Joint Venture from developing its project or exercising eminent domain authority. In December 2017 and January 2018, the FERC and the MVP Joint Venture, respectively, moved to dismiss the petitions for lack of subject matter jurisdiction. The court granted the motion and dismissed plaintiffs' complaint on September 28, 2018. On October 26, 2018, plaintiffs appealed to the DC Circuit in *Bold Alliance, et al. v. FERC, et al.*, Case No. 18-5322. On December 3, 2018, the FERC, as appellee, filed a joint motion with the appellants to hold Case No. 18-5322 in abeyance pending completion of the appeals of the final agency orders related to the MVP certificate in consolidated Case No. 17-1271 and Atlantic Coast Pipeline's (ACP) certificate. The MVP Joint Venture filed a motion to dismiss the case as to some of the plaintiffs. On February 15, 2019, the DC Circuit entered an order holding this appeal in abeyance pending rulings on the appeals from the ACP and MVP FERC proceedings. ACP's proceeding remains pending. Case No. 18-5322 remains in abeyance. If this challenge were successful, it could result in the MVP Joint Venture's certificate of convenience and necessity being vacated and/or additional proceedings before the FERC, the outcome of which the MVP Joint Venture cannot predict.

- *Mountain Valley Pipeline, LLC v. 6.56 Acres of Land et al., Case No. 18-1159, Fourth Circuit Court of Appeals.* Several landowners filed challenges to the condemnation proceedings by which the MVP Joint Venture obtained access to their property in various U.S. District Courts. In each case, the district court found that the MVP Joint Venture was entitled to immediate possession of the easements, and the landowners appealed to the Fourth Circuit. The Fourth Circuit consolidated these cases and issued two opinions in 2019, one granting the MVP Joint Venture immediate access for construction of the pipeline and the other finding that the MVP Joint Venture did not have to condemn the interest of coal owners and that coal owners are not entitled to assert claims in the condemnation proceedings for lost coal on tracts for which they do not own a surface interest being condemned. A group of landowners filed a writ of certiorari with the United States Supreme Court regarding the Fourth Circuit's ruling on immediate access, which was denied on October 7, 2019. District court trials on just compensation are ongoing.

- *Greenbrier River Watershed Ass'n v. WVDEP, Circuit Court of Summers County, West Virginia.* In August 2017, the Greenbrier River Watershed Association appealed the MVP Joint Venture's Natural Stream Preservation Act Permit obtained from the West Virginia Environmental Quality Board (WVEQB) for the Greenbrier River crossing. Petitioners alleged that the issuance of the permit failed to comply with West Virginia's Water Quality Standards for turbidity and sedimentation. The WVEQB dismissed the appeal in June 2018. In July 2018, the Greenbrier River Watershed Association appealed the decision to the Circuit Court of Summers County, asking the court to remand the permit with instructions to impose state-designated construction windows and pre- and post-construction monitoring requirements as well as a reversal of the WVEQB's decision that the permit was lawful. On September 18, 2018, the Circuit Court granted a stay. A hearing on the merits was held on October 23, 2018. The court has not yet issued a decision. In the event of an adverse decision, the MVP Joint Venture would appeal or work with the WVDEP to attempt to resolve the issues identified by the court.

- *Sierra Club et al. v. U.S. Dep't of Interior et al., Case No. 18-1082, Fourth Circuit Court of Appeals*. On August 6, 2018, the Fourth Circuit held that the National Park Service (NPS) acted arbitrarily and capriciously in granting the ACP a right-of-way permit across the Blue Ridge Parkway. Specifically, the Fourth Circuit found that the permit cited the wrong source of legal authority and the NPS failed to make a "threshold determination that granting the right-of-way is 'not inconsistent with the use of such lands for parkway purposes' and the overall National Park System to which it belongs." Even though the MVP Joint Venture is not named in the ACP litigation, the MVP route crosses the Blue Ridge Parkway roughly midway between mileposts 246 and 247 of the pipeline route and implicates some the

same deficiencies addressed by the court. The MVP Joint Venture elected to request that the NPS temporarily suspend its Blue Ridge Parkway permit until the deficiencies identified in the ACP litigation are resolved. While the MVP and ACP rights-of-way share some of the same regulatory issues, unlike ACP the portion of the MVP pipeline that crosses the Blue Ridge Parkway is completely constructed. NPS granted the MVP Joint Venture the ability to continue final restoration efforts on that portion of the pipeline during the course of the suspended permit. The MVP Joint Venture is working with the NPS to address MVP-related right-of-way issues.

- *Wild Virginia et al. v. United States Department of the Interior; Case No. 19-1866, Fourth Circuit Court of Appeals.* Petitioners filed a petition in the Fourth Circuit to challenge MVP's Biological Opinion and Incidental Take Statement issued by the Department of the Interior's Fish and Wildlife Service (FWS) which was approved in November 2017 (BiOp). Petitioners also requested a stay of the application of MVP's BiOp during the pendency of the court case. FWS subsequently requested that the court approve a stay of the litigation until January 11, 2020. On August 15, 2019, the MVP Joint Venture submitted a project-wide voluntary suspension of construction activities that pose a risk of incidental take, based on the BiOp. On October 11, 2019, the Fourth Circuit issued an order approving the stay of the BiOp and held the litigation in abeyance until January 11, 2020 pending re-consultation between FWS and the FERC regarding FWS's review of the BiOp. In response to the Fourth Circuit's order, on October 15, 2019, the FERC issued an order to the MVP Joint Venture to cease all forward-construction progress. Subsequently, the FERC authorized certain limited construction activities to resume. On January 9, 2020, the Fourth Circuit granted FWS' motion to hold the case in abeyance until March 11, 2020.

Other Proceedings that May Affect the MVP Project

- *Cowpasture River Preservation Association, et al. v. U.S. Forest Service, et al., Case No. 18-11*44, *Fourth Circuit Court of Appeals.* On December 13, 2018, in an unrelated case involving the ACP, the Fourth Circuit held that the USFS, which is part of the Department of Agriculture, lacked the authority to grant rights-of-way for oil and gas pipelines to cross the Appalachian Trail. Although the MVP Joint Venture obtained its grant to cross the Appalachian Trail from the BLM, a part of the Department of Interior, the rationale of the Fourth Circuit's opinion could apply to the BLM as well. On February 25, 2019, the Fourth Circuit denied ACP's petition for en banc rehearing. The federal government and ACP filed petitions to the United States Supreme Court on June 26, 2019 seeking judicial review of the Fourth Circuit's decision. On October 4, 2019, the Supreme Court formally accepted the Petitioners' writ of certiorari. The oral arguments occurred on February 24, 2020. Based on general court practice, EQM anticipates that the Supreme Court will issue its decision by June 2020. The MVP Joint Venture is continuing to pursue multiple options to address the Appalachian Trail issue, including but not limited to, administrative, regulatory and legislative options.

- *Grand Jury Subpoena*. On January 7, 2019, the MVP Joint Venture received a letter from the U.S. Attorney's Office for the Western District of Virginia stating that it and the EPA are investigating potential criminal and/or civil violations of the Clean Water Act and other federal statutes as they relate to the construction of the MVP. The January 7, 2019 letter requested that the MVP Joint Venture and its members, contractors, suppliers and other entities involved in the construction of the MVP preserve documents related to the MVP generated from September 1, 2018 to the present. In a telephone call on February 4, 2019, the U.S. Attorney's Office confirmed that it has opened a criminal investigation. On February 11, 2019, the MVP Joint Venture received a grand jury subpoena from the U.S. Attorney's Office for the Western District of Virginia requesting certain documents related to the MVP from August 1, 2018 to the present. The MVP Joint Venture is complying with the letter and subpoena but cannot predict whether any action will ultimately be brought by the U.S. Attorney's Office or what the outcome of such an action would be. The MVP Joint Venture began a rolling production of documents responsive to the subpoena after the U.S. Attorney's office narrowed its subpoena inquiry to five farms in Virginia containing twenty streams or wetlands.

- *Paylor et al. v. Mountain Valley Pipeline, LLC, Case No. CL18-4874-00, Circuit Court of Henrico County.* On December 7, 2018, the Virginia Department of Environmental Quality and the State Water Control Board (the Plaintiffs) filed a lawsuit against the MVP Joint Venture in the Circuit Court of Henrico County alleging violations of Virginia's State Water Control Law, Water Resources and Wetlands Protection Program, and Water Protection Permit Program Regulations at sites in Craig, Franklin, Giles, Montgomery and Roanoke Counties, Virginia. On October 11, 2019, the Plaintiffs issued a consent decree to the MVP Joint Venture. As part of the consent decree, the MVP Joint Venture would agree to court-supervised compliance with environmental laws and third-party monitoring of erosion controls. The MVP Joint Venture would also agree to pay $2.15 million in penalties. The consent decree was signed by the judge on December 11, 2019, and the penalty was paid in December 2019 and accepted by the agency on January 7, 2020. Beyond the civil penalty, MVP is required to complete additional corrective actions and comply with reporting requirements outlined in the consent decree.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

EQM's common units are listed on the NYSE under the symbol "EQM." As of January 31, 2020, there were 200,457,630 common units outstanding and 60 unitholders of record of EQM's common units.

See Note 10 for information on the significant provisions of EQM's partnership agreement that relate to distributions of available cash.

On February 27, 2020, EQM announced its intention to reduce its quarterly distribution from $1.16 per unit to $0.3875 per unit, a decrease of approximately 67% per unit, in connection with the announcement of the EQM Merger, commencing with the first quarter 2020 distribution. See Note 19 for additional information regarding the EQM Merger.

Recent Sales of Unregistered Securities

See Note 1 and Note 6 for information related to the EQM IDR Transaction and the issuances of the Series A Preferred Units.

Market Repurchases

None.

Equity Compensation Plans

The information relating to EQM's equity compensation plans required by Item 5 is included in "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Annual Report on Form 10-K, which is incorporated herein by reference.

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data."

EQM's consolidated financial statements have been retrospectively recast for the years ended December 31, 2018, 2017, 2016 and 2015, as applicable, to include the historical results of the EQM-RMP Merger, the Drop-Down Transaction, the acquisitions by EQM in October 2016 of Allegheny Valley Connector, LLC, Rager Mountain Storage Company LLC and certain gathering assets located in southwestern Pennsylvania and northern West Virginia (collectively, the October 2016 Acquisition) and EQT's March 2015 contribution of the Northern West Virginia gas gathering system to EQM (NWV Gathering Acquisition) as these were businesses and the acquisitions were transactions between entities under common control. The selected financial data covering the periods prior to the aforementioned transactions may not necessarily be indicative of the actual results of operations had these entities been operated together during those periods.

	As of and for the Years Ended December 31,				
	2019	2018	2017	2016	2015
Statements of Consolidated Operations	(Thousands, except per unit amounts)				
Operating revenues	$ 1,630,242	$ 1,495,098	$ 895,558	$ 735,272	$ 632,936
Operating income	204,186	726,653	620,705	527,856	451,036
Net income	162,082	671,348	610,360	537,954	455,126
Net income attributable to EQM	183,373	668,002	609,626	537,954	455,126
Net income per limited partner unit [(a)]					
Basic	$ 0.58	$ 2.43	$ 5.19	$ 5.21	$ 4.71
Diluted	0.56	2.43	5.19	5.21	4.70
Cash distributions paid per limited partner unit	$ 4.595	$ 4.295	$ 3.655	$ 3.05	$ 2.505
Consolidated Balance Sheets					
Total assets	$ 11,815,019	$ 9,456,121	$ 7,998,835	$ 3,075,840	$ 2,833,358
Long-term debt [(b)]	$ 5,761,999	$ 4,081,639	$ 1,453,352	$ 985,732	$ 493,401

(a) Net income attributable to the EQM-RMP Merger, the Drop-Down Transaction, the October 2016 Acquisition and the NWV Gathering Acquisition for the periods prior to July 23, 2018, May 1, 2018, October 1, 2016 and March 17, 2015, respectively, was not allocated, as applicable, to the limited partners for purposes of calculating net income per limited partner unit as these pre-acquisition amounts were not available to the unitholders. See Note 1 for further discussion.

(b) Includes outstanding borrowings under EQM's and Eureka Midstream's credit facilities.

See "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1 for a discussion of matters that affect the comparability of the selected financial data as well as uncertainties that might affect EQM's future financial position.

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

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the consolidated financial statements, and the notes thereto, included in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

EQM has applied the FAST Act Modernization and Simplification of Regulation S-K that was adopted by the SEC on March 20, 2019, which allows registrants providing financial statements covering three years in a filing to exclude discussion of the earliest of the three years in "Management's Discussion and Analysis of Financial Condition and Results of Operations." The information covered here provides a comparison of material changes in the consolidated financial statements for fiscal year 2019 and fiscal year 2018. For the comparison of fiscal year 2018 and fiscal year 2017, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of EQM's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 14, 2019.

Executive Overview

For the year ended December 31, 2019, net income attributable to EQM was $183.4 million compared to $668.0 million for the year ended December 31, 2018. The decrease resulted primarily from increased impairments to long-lived assets, including intangible assets in 2019 (as discussed in Note 3), higher net interest expense associated with increased long-term debt outstanding and higher other operating expenses, partly offset by higher gathering revenues primarily associated with the operating entities acquired with the Bolt-on Acquisition, higher equity income from EQM's investment in the MVP Joint Venture and a net loss attributable to noncontrolling interest for the year ended December 31, 2019 attributable to the third-party ownership interest in Eureka Midstream.

The Board of Directors of the EQM General Partner (the Board) declared a fourth quarter 2019 cash distribution to unitholders of $1.16 per unit on January 15, 2020, which was 3% higher than the fourth quarter 2018 distribution of $1.130 per unit. Total distributions related to 2019 were $4.63 per unit compared to $4.40 per unit total distributions related to 2018, a 5% increase.

In addition, on January 15, 2020, the Board declared a quarterly cash distribution on the Series A Preferred Units for the fourth quarter of 2019 of $1.0364 per Series A Preferred Unit.

Business Segment Results

Operating segments are revenue-producing components of an 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, equity income and various operational measures in the following sections. Management believes that the presentation of this information is useful to management and investors regarding the financial condition, results of operations and trends of its segments. EQM has reconciled each segment's operating income to EQM's consolidated operating income and net income in Note 7.

GATHERING RESULTS OF OPERATIONS

	Years Ended December 31,				
	2019	2018[a]	% Change	2017[a]	% Change
FINANCIAL DATA	(Thousands, except per day amounts)				
Firm reservation fee revenues	$ 581,118	$ 447,360	29.9	$ 407,355	9.8
Volumetric-based fee revenues	578,813	549,710	5.3	102,612	435.7
Total operating revenues	1,159,931	997,070	16.3	509,967	95.5
Operating expenses:					
Operating and maintenance	96,740	79,735	21.3	45,325	75.9
Selling, general and administrative	80,822	84,001	(3.8)	45,052	86.5
Separation and other transaction costs	19,344	7,761	149.2	—	100.0
Depreciation	144,310	98,678	46.2	44,957	119.5
Amortization of intangible assets	53,258	41,547	28.2	5,540	649.9
Impairments of long-lived assets	854,307	261,941	226.1	—	100.0
Total operating expenses	1,248,781	573,663	117.7	140,874	307.2
Operating (loss) income	$ (88,850)	$ 423,407	(121.0)	$ 369,093	14.7
OPERATIONAL DATA					
Gathering volumes (BBtu per day)					
Firm capacity reservation	3,351	2,044	63.9	1,826	11.9
Volumetric-based services	4,493	4,445	1.1	816	444.7
Total gathered volumes	7,844	6,489	20.9	2,642	145.6
Capital expenditures[b][c]	$ 893,804	$ 717,251	24.6	$ 254,522	181.8

(a) Includes the pre-acquisition results of the Drop-Down Transaction and the EQM-RMP Merger, which were effective May 1, 2018 and July 23, 2018, respectively. The recasts are for the period the acquired businesses were under the common control of EQT, which began on November 13, 2017 as a result of the Rice Merger.
(b) Includes approximately $59.1 million for the year ended December 31, 2019 related to non-operating assets acquired from Equitrans Midstream in the Shared Assets Transaction (defined in Note 2) that primarily support EQM's gathering activities. See Note 2 for further detail.
(c) Includes approximately $25.9 million of capital expenditures related to noncontrolling interests in Eureka Midstream for the year ended December 31, 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Gathering operating revenues increased by $162.9 million in 2019 compared to 2018, driven primarily as a result of revenues generated by the entities acquired in the Bolt-on Acquisition, as well as production development in the Marcellus and Utica Shales in 2019. Firm reservation fee revenues increased approximately $133.8 million primarily as a result of increased revenues generated under agreements with MVCs and revenues generated by the entities acquired in the Bolt-on Acquisition, as well as higher rates on various wellhead expansion projects in 2019. Volumetric-based fee revenues increased approximately $29.1 million due to revenues generated by the entities acquired in the Bolt-on Acquisition.

Gathering operating expenses increased by $675.1 million in 2019 compared to 2018, primarily as a result of approximately $854.3 million in impairment charges in 2019, of which $736.8 million related to impairments of goodwill, $81.0 million was associated with an impairment to certain low-pressure gathering assets and $36.4 million related to an impairment of intangible assets (as discussed in Note 3), an approximate $45.6 million increase in depreciation expense as a result of additional assets placed in-service, as well as depreciation on assets acquired in the Bolt-on Acquisition and the Shared Assets Transaction, and an approximate $17.0 million increase in operating and maintenance expense primarily associated with the operations of entities acquired in the Bolt-on Acquisition and increased personnel costs, partly offset by a decrease to repairs and maintenance expenses. In addition, EQM recognized an increase to separation and other transaction costs of approximately $11.6 million primarily associated with the Bolt-on Acquisition. Selling, general and administrative expenses decreased approximately $3.2 million primarily due to lower corporate overhead and personnel costs, partly offset by an increase in information technology related expenses and an increase in expenses associated with the entities acquired in the Bolt-on Acquisition.

See "Outlook" and Note 3 for further discussion of the impairment of long-lived assets.

See also “Outlook” and Note 19 for a discussion of the EQT Global GGA with EQT and the Credit Letter Agreement, and the transactions related thereto, including the potential cash fee relief related to the MVP in-service date. EQM expects that the revenues resulting from the MVCs provided in the EQT Global GGA will increase the proportion of EQM’s total operating revenues that are firm reservation fee revenues in future periods.

TRANSMISSION RESULTS OF OPERATIONS

	Years Ended December 31,				
	2019	2018	% Change	2017	% Change
FINANCIAL DATA	(Thousands, except per day amounts)				
Firm reservation fee revenues	$ 356,569	$ 356,725	—	$ 348,193	2.5
Volumetric-based fee revenues	33,951	30,076	12.9	23,793	26.4
Total operating revenues	390,520	386,801	1.0	371,986	4.0
Operating expenses:					
Operating and maintenance	33,989	39,563	(14.1)	33,908	16.7
Selling, general and administrative	26,865	31,936	(15.9)	31,922	—
Depreciation	51,935	49,723	4.4	58,689	(15.3)
Total operating expenses	112,789	121,222	(7.0)	124,519	(2.6)
Operating income	$ 277,731	$ 265,579	4.6	$ 247,467	7.3
Equity income	$ 163,279	$ 61,778	164.3	$ 22,171	178.6
OPERATIONAL DATA					
Transmission pipeline throughput (BBtu per day)					
Firm capacity reservation	2,823	2,903	(2.8)	2,399	21.0
Volumetric-based services	90	59	52.5	37	59.5
Total transmission pipeline throughput	2,913	2,962	(1.7)	2,436	21.6
Average contracted firm transmission reservation commitments (BBtu per day)	3,966	3,909	1.5	3,627	7.8
Capital expenditures[(a)]	$ 59,313	$ 114,450	(48.2)	$ 111,102	3.0

(a) Transmission capital expenditures do not include capital contributions made to the MVP Joint Venture for the MVP and MVP Southgate projects of approximately $774.6 million, $913.2 million and $159.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Transmission operating revenues increased by approximately $3.7 million in 2019 compared to 2018 primarily due to increased volumetric-based fee revenues due to an increase in pipeline throughput.

Transmission operating expenses decreased by approximately $8.4 million in 2019 compared to 2018. Operating and maintenance expense decreased approximately $5.6 million primarily resulting from lower personnel costs and a decrease in repairs and maintenance expenses. Selling, general and administrative expense decreased approximately $5.1 million resulting from lower corporate overhead and personnel costs. The decrease in operating and maintenance expense and selling, general and administrative expense was partly offset by an increase in depreciation expense due to additional assets placed in service.

Equity income increased by $101.5 million in 2019 compared to 2018 due to the increase in the MVP Joint Venture's AFUDC on the MVP as a result of continued spending on the project.

WATER RESULTS OF OPERATIONS

	Years Ended December 31,				
	2019	2018[a]	% Change	2017[a]	% Change
			(Thousands)		
FINANCIAL DATA					
Water service revenues	$ 79,791	$ 111,227	(28.3)	$ 13,605	717.5
Operating expenses:					
Operating and maintenance	34,638	44,152	(21.5)	5,598	688.7
Selling, general and administrative	2,933	5,895	(50.2)	347	1,598.8
Depreciation	26,915	23,513	14.5	3,515	568.9
Total operating expenses	64,486	73,560	(12.3)	9,460	677.6
Operating income	$ 15,305	$ 37,667	(59.4)	$ 4,145	808.7
OPERATIONAL DATA					
Water services volumes (MMgal)	1,808	2,088	(13.4)	226	823.9
Capital expenditures	$ 37,457	$ 23,537	59.1	$ 6,233	277.6

(a) Includes the pre-acquisition results of the EQM-RMP Merger, which was effective July 23, 2018. The recast is for the period the acquired businesses were under the common control of EQT, which began on November 13, 2017 as a result of the Rice Merger.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Water operating revenues decreased by $31.4 million in 2019 compared to 2018, primarily due to a reduction in fresh water distribution fees as the fee EQM charges per gallon of water is tiered and thus is lower on a per gallon basis once certain volumetric thresholds are met, and a 13.4% decrease in fresh water distribution volumes associated with lower customer activity.

Water operating expenses decreased by $9.1 million in 2019 compared to 2018, primarily as a result of decreased operating and maintenance expense associated with reduced operating activity and water procurement costs and decreased selling, general and administrative expense associated with lower corporate overhead and personnel costs, partly offset by increased depreciation expense as a result of additional assets placed in-service.

Other Income Statement Items

Net interest expense

Net interest expense increased by $87.9 million for the year ended December 31, 2019 compared to the year ended December 31, 2018 primarily due to higher interest expense of $64.8 million as a result of the 2018 Senior Notes (defined in Note 12), higher interest expense of $19.4 million on credit facility borrowings associated with increased outstanding debt, including borrowings under the Eureka Credit Facility (defined in Note 12), and a $17.5 million increase in interest expense associated with increased outstanding debt related to the 2019 EQM Term Loan Agreement (defined in Note 12), partly offset by increased capitalized interest and AFUDC - debt.

Net (loss) income attributable to noncontrolling interest

Net loss attributable to noncontrolling interest for the year ended December 31, 2019 related to the third-party ownership interest in Eureka Midstream.

Net income attributable to noncontrolling interest for the year ended December 31, 2018 related to the 25% limited liability interest in Strike Force Midstream LLC (Strike Force Midstream) owned by Gulfport Midstream Holdings, LLC (Gulfport Midstream). As discussed in Note 2, on May 1, 2018, EQM acquired this interest from Gulfport Midstream. As a result, EQM indirectly owned 100% of Strike Force Midstream effective as of May 1, 2018.

See "Investing Activities" and "Capital Requirements" under "Capital Resources and Liquidity" for discussion of capital expenditures.

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, operating 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 or that it plans to distribute and is not intended to be a liquidity measure.

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.

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
Net income	$ 162,082	$ 671,348	$ 610,360
Add:			
Net interest expense	209,984	122,094	36,955
Depreciation	223,160	171,914	107,161
Amortization of intangible assets	53,258	41,547	5,540
Impairment of long-lived assets [a]	854,307	261,941	—
Preferred Interest payments	10,984	10,984	10,984
Non-cash long-term compensation expense	255	1,275	242
Separation and other transaction costs	19,344	7,761	—
Less:			
Equity income	(163,279)	(61,778)	(22,171)
AFUDC – equity	(5,161)	(5,570)	(5,110)
Adjusted EBITDA attributable to noncontrolling interest [b]	(26,503)	—	—
Adjusted EBITDA attributable to RMP prior to merger [c]	—	(160,128)	(33,457)
Adjusted EBITDA attributable to the Drop-Down Transaction [d]	—	(63,853)	(21,006)
Adjusted EBITDA	$ 1,338,431	$ 997,535	$ 689,498
Less:			
Net interest expense excluding interest income on the Preferred Interest [e]	(213,360)	(124,198)	(42,999)
Capitalized interest and AFUDC – debt [e]	(28,631)	(9,873)	(4,120)
Ongoing maintenance capital expenditures net of expected reimbursements [e][f]	(61,108)	(46,939)	(27,609)
Series A Preferred Unit distributions	(73,981)	—	—
Distributable cash flow [g]	$ 961,351	$ 816,525	$ 614,770
Net cash provided by operating activities	$ 1,049,407	$ 1,187,239	$ 681,848
Adjustments:			
Capitalized interest and AFUDC – debt [e]	(28,631)	(9,873)	(4,120)
Principal payments received on the Preferred Interest	4,661	4,406	4,166
Ongoing maintenance capital expenditures net of reimbursements [e][f]	(61,108)	(46,939)	(27,609)
Adjusted EBITDA attributable to noncontrolling interest [b]	(26,503)	—	—
Adjusted EBITDA attributable to RMP prior to merger [c]	—	(160,128)	(33,457)
Adjusted EBITDA attributable to the Drop-Down Transaction [d]	—	(63,853)	(21,006)
Series A Preferred Unit distributions	(73,981)	—	—
Other, including changes in working capital	97,506	(94,327)	14,948
Distributable cash flow [g]	$ 961,351	$ 816,525	$ 614,770

(a) See Note 3 for further information on the impairments to long-lived assets.

(b) Reflects adjusted EBITDA attributable to noncontrolling interest associated with the third-party ownership interest in Eureka Midstream. Adjusted EBITDA attributable to noncontrolling interest for the year ended December 31, 2019 was calculated as net loss of $21.3 million, plus depreciation of $7.5 million, plus amortization of intangible assets of $3.4 million, plus impairments of long-lived assets of $34.0 million, and plus interest expense of $2.9 million.

(c) Adjusted EBITDA attributable to RMP for the period prior to July 23, 2018 was subtracted as part of EQM's adjusted EBITDA calculations as these amounts were generated by RMP prior to acquisition by EQM; therefore, the amounts could not be distributed to EQM's unitholders. Adjusted EBITDA attributable to RMP for the year ended December 31, 2018 and for the period from November 13, 2017 to December 31, 2017 was calculated as net income of $123.2 million and $25.1 million, respectively, plus net interest expense of $4.6 million and $0.8 million, respectively, plus depreciation of $31.4 million and $7.5 million, respectively, and plus non-cash compensation expense of $0.9 million and less than $0.1 million, respectively.

(d) Adjusted EBITDA attributable to the Drop-Down Transaction for the period prior to May 1, 2018 was subtracted as part of EQM's adjusted EBITDA calculations as these amounts were generated by assets acquired in the Drop-Down Transaction prior to acquisition by EQM; therefore, the amounts could not have been distributed to EQM's unitholders. Adjusted EBITDA attributable to the Drop-Down Transaction for the year ended December 31, 2018 and for the period from November 13, 2017 to December 31, 2018 was calculated as net income of $44.4 million and $13.4 million, respectively, plus depreciation of $5.8 million and $2.2 million, respectively, and plus amortization of intangible assets of $13.8 million and $5.5 million, respectively, less interest income of less than $0.1 million and $0.1 million, respectively.

(e) Excludes amounts related to the noncontrolling interest share of Eureka Midstream.

(f) Ongoing maintenance capital expenditures net of expected reimbursements excludes ongoing maintenance that EQM expects to be reimbursed or that was reimbursed by Equitrans Midstream in 2019, or by EQT in periods prior to the Separation, under the terms of the EQT Omnibus Agreement. In addition, for the year ended December 31, 2018, ongoing maintenance capital expenditures net of expected reimbursements excluded $1.1 million of ongoing maintenance capital expenditures attributable to RMP prior to the EQM-RMP Merger.

(g)EQM believes that calculating distributable cash flow without deducting separation and other transaction costs provides investors with greater insight into the period-to-period ability of EQM’s ongoing assets and operations to generate cash flow. If separation and other transaction costs were deducted from the calculation, EQM’s distributable cash flow for the years ended December 31, 2019 and 2018 would have been $942.0 million and $808.8 million, respectively.

See "Executive Overview" for a discussion of EQM's net income, the GAAP financial measure most directly comparable to adjusted EBITDA. Adjusted EBITDA increased by $340.9 million for the year ended December 31, 2019 compared to the year ended December 31, 2018 primarily as a result of the EQM-RMP Merger and the Drop-Down Transaction, as applicable, which resulted in a full year of adjusted EBITDA subsequent to the transactions being reflected in adjusted EBITDA. The increase in adjusted EBITDA in 2019 is also attributable to the Bolt-on Acquisition that closed on April 10, 2019.

Net cash provided by operating activities, the GAAP financial measure most directly comparable to distributable cash flow, decreased by $137.8 million for the year ended December 31, 2019 compared to the year ended December 31, 2018 as discussed in "Capital Resources and Liquidity." Distributable cash flow increased by $144.8 million for the year ended December 31, 2019 compared to the year ended December 31, 2018 mainly attributable to the increase in EQM's adjusted EBITDA, partly offset by increased net interest expense and distributions on the Series A Preferred Units.

Outlook

EQM’s assets overlay core acreage in the Appalachian Basin. The location of EQM’s assets allows it to access major demand markets in the U.S. EQM is one of the largest natural gas gatherers in the U.S., and its largest customer, EQT, is the largest natural gas producer in the U.S. based on produced volumes. EQM maintains a stable cash flow profile, with approximately 58% of its revenue for the year ended December 31, 2019 generated by firm reservation fees and MVCs. Further, the percentage of EQM’s revenues that are generated by firm reservation fees and MVCs is expected to increase in future years as a result of the EQT Global GGA, which includes an MVC effective on February 26, 2020 of 3.0 Bcf per day, which ramps up to 4.0 Bcf per day in future periods following the in-service date of the MVP project.

EQM’s principal strategy is to achieve the scale and scope of a top-tier midstream company by leveraging its existing assets, executing on its growth projects and, where appropriate, seeking and executing on strategically-aligned acquisition and joint venture opportunities, while strengthening its balance sheet through (i) highly predictable cash flows backed by MVCs and firm reservation fees, (ii) actions to delever its balance sheet, (iii) disciplined capital spending, (iv) operating cost control and (v) an appropriate distribution policy. As part of its approach to organic growth, EQM is focused on building and completing its key transmission and gathering growth projects outlined under "Strategy" in "Item 1. Business," many of which are supported by contracts with firm capacity commitments. Additionally, EQM is targeting growth from volumetric gathering and transmission opportunities and from its water services business, which is complementary to its gathering business.

On February 27, 2020, Equitrans Midstream and EQM announced the EQT Global GGA with EQT, which is a 15-year contract that includes, among other things, a 3.0 Bcf per day MVC (which gradually steps up to 4.0 Bcf per day for several years following the in-service date of the MVP project) and the dedication of a substantial majority of EQT’s core acreage in Pennsylvania and West Virginia to EQM, and EQT received certain gathering fee relief over a period of three years following the in-service date of the MVP. The EQT Global GGA replaced 14 previous gathering agreements between affiliates of EQT and EQM. In addition, on February 27, 2020, Equitrans Midstream and EQM announced a definitive merger agreement between Equitrans Midstream, EQM and certain of their affiliates related to the EQM Merger, pursuant to which, among other things, Equitrans Midstream will acquire all of the issued and outstanding EQM common units (other than EQM common units held by Equitrans Midstream and its subsidiaries). Following the EQM Merger, which is subject to customary closing conditions, including approvals of EQM’s limited partners and Equitrans Midstream’s shareholders, EQM will be a wholly-

owned subsidiary of Equitrans Midstream and will no longer be a public entity. EQM expects the EQM Merger to close in mid-2020. See Note 19 for additional information regarding the EQT Global GGA, the EQM Merger and the transactions related thereto.

For further discussion of key growth projects, see "Strategy" in "Item 1. Business." For further discussion of capital expenditures, see "Capital Requirements."

Commodity Prices. EQM's business is dependent on continued natural gas production and the availability and development of reserves in its areas of operation. Low prices for natural gas and natural gas liquids have adversely affected development of additional reserves and production that is accessible by EQM's pipeline and storage assets, which also negatively affects EQM's water services business. The Henry Hub natural gas price ranged from $2.02 per MMbtu to $4.25 per MMbtu between January 1, 2019 and December 31, 2019, and the natural gas forward strip price trended downwards during 2019 and in early 2020, and is expected to remain depressed for several years. Further, market prices for natural gas in the Appalachian Basin continue to be lower than Henry Hub natural gas prices. Lower natural gas prices have caused producers to determine to reduce their rig count or otherwise take actions to slow production growth and/or reduce production, which in turn reduces the demand for, and usage of, EQM's services. A sustained period of depressed natural gas production and prices could cause producers in EQM's areas of operation to take further actions to reduce natural gas production and supply in the future. EQM's customers, including EQT, have announced reductions in their capital spending and may continue to lower capital spending in the future based on commodity prices, access to capital, investor expectations for positive free cash flow, a desire to reduce leverage or other factors. On January 13, 2020, EQT publicly announced a 2020 capital expenditure forecast of $1.25 billion to $1.35 billion, compared to 2019 capital expenditures of $1.85 billion to $1.95 billion, which represents an approximate 30% decrease in capital expenditures compared to EQT's projected 2019 capital expenditures. Longer-term price declines could continue to have an adverse effect on customers' creditworthiness and related ability to pay firm reservation fees under long-term contracts and/or affect activity levels and, accordingly, volumetric-based fees which could affect EQM's results of operations, liquidity or financial position. For example, on February 3, 2020, S&P took negative rating actions on nine Appalachian exploration and production companies citing lower natural gas price assumptions. Many of EQM's customers, including EQT, have entered into long-term firm reservation transmission and gathering contracts or contracts with MVCs on EQM's systems. However, approximately 49.9% of EQM's gathering revenues and 8.7% of EQM's transmission revenues for the year ended December 31, 2019 were from volumetric-based fee revenues. Additionally, EQM's water service agreements are primarily volumetric in nature. For more information see "***Decreases in production of natural gas in our areas of operation have adversely affected, and future decreases could further adversely affect, our business and operating results and reduce our cash available to make distributions to our unitholders.***" included in "Item 1A. Risk Factors - Risks Inherent in Our Business."

Potential Future Impairments. During 2019, EQM recognized an impairment to goodwill of approximately $736.8 million, including $598.3 million, $38.8 million and $99.7 million associated with its RMP PA Gas Gathering, Rice Retained Midstream and Eureka/Hornet reporting units, respectively. In addition, EQM recognized a $36.4 million impairment related to certain Hornet Midstream-related intangible assets during the third quarter of 2019. See Note 3 for additional information. On January 13, 2020, EQT publicly announced an approximately 30% decrease in capital expenditures for 2020 compared to 2019 capital expenditures. In connection with the execution of the EQT Global GGA, management will reevaluate EQM's reporting units. Additionally, in connection with the execution of the EQT Global GGA, management may be required to reevaluate our reporting units under the provisions in ASC 350. If, as a result of this reevaluation, management identifies that a change to the current reporting units is warranted, management will assess the goodwill for impairment before and after the change in the reporting units.

Depending on the location and timing of EQT's 2020 drilling activity, EQT's planned reductions in its drilling and completions activity, as well as reductions in drilling and completions activity by other producers, EQM may recognize additional goodwill and long-lived asset impairment charges in future periods. EQM continues to receive and evaluate drilling plan information from EQT and other producers for 2020 and future years. As of the filing of this Annual Report on Form 10-K, EQM cannot predict the likelihood or magnitude of any future impairment. See also "***Reviews of our goodwill and intangible and other long-lived assets have resulted in and could result in future significant impairment charges***" included in "Item 1A. Risk Factors – Risks Inherent in Our Business" and EQM's discussion on "Critical Accounting Policies and Estimates" under "Outlook" included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation."

Capital Resources and Liquidity

EQM's liquidity requirements are to finance its operations, fund capital expenditures, potential acquisitions and other strategic transactions and capital contributions to joint ventures, including the MVP Joint Venture, pay cash distributions and satisfy any indebtedness obligations. EQM's ability to meet these liquidity requirements depends 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 revolving credit facilities, incremental borrowings under the 2019 EQM Term Loan Agreement, cash on hand, debt transactions and issuances of additional EQM partnership interests. Pursuant to the tax matters agreement between Equitrans Midstream and EQT entered into in connection with the Separation, Equitrans Midstream is subject to certain restrictions related to certain corporate actions, including restrictions related to the issuance of EQM securities beyond certain thresholds. See "***Our general partner may require us to forgo certain transactions in order to avoid the risk of Equitrans Midstream incurring material tax-related liabilities or indemnification obligations under Equitrans Midstream's tax matters agreement with EQT***." under "Risks Inherent in an Investment in Us" included in "Item 1A., Risk Factors." EQM is not forecasting any public equity issuance for currently anticipated organic growth projects.

In February 2020, S&P and Fitch downgraded EQM's credit ratings to non-investment grade. The non-investment grade ratings has caused EQM to incur higher borrowing costs under its $3 Billion Facility and 2019 EQM Term Loan Agreement. In addition, as a result of the downgrades, EQM was obligated to deliver additional credit support to the MVP Joint Venture, which included letters of credit in the amount of approximately $220.2 million and $14.2 million with respect to the MVP project and the MVP Southgate project, respectively. See ***"A further downgrade of our credit ratings, including in connection with the MVP project or changes in the credit ratings of EQT, which are determined by independent third parties, could impact our liquidity, access to capital, and costs of doing business."*** and "***The credit and risk profile of Equitrans Midstream could adversely affect our credit ratings and risk profile, which could increase our borrowing costs or hinder our ability to raise capital***" under "Risks Inherent in Our Business" included in "Item 1A. Risk Factors."

Operating Activities

Net cash flows provided by operating activities were approximately $1,049.4 million for the year ended December 31, 2019 compared to approximately $1,187.2 million for the year ended December 31, 2018. The decrease was primarily driven by higher interest payments and timing of payments from working capital, partly offset by an increase in Gathering revenues primarily associated with the entities acquired in the Bolt-on Acquisition.

Investing Activities

Net cash flows used in investing activities totaled approximately $2,629.6 million for the year ended December 31, 2019 compared to approximately $2,950.3 million for the year ended December 31, 2018. The decrease was attributable to the cost of the Drop-Down Transaction in 2018 relative to the cost of the Bolt-on Acquisition in 2019 and decreased capital contributions to the MVP Joint Venture consistent with the timing of construction for the MVP and MVP Southgate projects in 2019 relative to 2018, partly offset by increased capital expenditures in 2019 relative to 2018 as further described in "Capital Requirements."

Financing Activities

Net cash provided by financing activities totaled approximately $1,578.5 million for the year ended December 31, 2019 compared to approximately $1,725.9 million for the year ended December 31, 2018. For 2019, the primary sources of financing cash flows were net proceeds from the issuance of the term loans under the 2019 EQM Term Loan Agreement, which were used primarily to pay down borrowings under the $3 Billion Facility, and the net proceeds from the issuance of the Series A Preferred Units, which were used in part to fund the purchase price of the Bolt-on Acquisition and to pay certain fees and expenses related to the Bolt-on Acquisition, while the primary uses of financing cash flows were repayments on credit facility borrowings and distributions paid to unitholders. For 2018, the primary source of financing cash flows was net proceeds from EQM's 2018 Senior Notes offering, while the primary uses of financing cash flows were distributions paid to unitholders, repayments on credit facilities and the Gulfport Transaction (as defined in Note 2).

Capital Requirements

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

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
Expansion capital expenditures [a][b][c]	$ 925,387	$ 803,347	$ 328,529
Maintenance capital expenditures [c]	65,187	51,891	43,328
Total capital expenditures	990,574	855,238	371,857
Plus: accrued capital expenditures at the end of prior period [d]	108,890	90,655	26,678
Plus: accrued capital expenditures at acquisition on April 10, 2019 [d]	8,759	—	—
Plus: accrued capital expenditures at acquisition on November 13, 2017 [d]	—	—	72,271
Less: accrued capital expenditures at the end of current period [d]	(85,753)	(108,890)	(90,655)
Total cash capital expenditures	$ 1,022,470	$ 837,003	$ 380,151

(a) Expansion capital expenditures do not include capital contributions made to the MVP Joint Venture of $774.6 million, $913.2 million and $159.6 million related to the MVP and MVP Southgate projects for the years ended December 31, 2019, 2018 and 2017, respectively.

(b) Expansion capital expenditures for the year ended December 31, 2019 includes approximately $59.1 million related to the non-operating assets acquired from Equitrans Midstream in the Shared Assets Transaction that primarily support EQM's gathering activities. See Note 2 for further detail.

(c) Includes approximately $22.5 million of expansion capital expenditures and $3.4 million of maintenance capital expenditures related to noncontrolling interests in Eureka Midstream for the year ended December 31, 2019.

(d) EQM accrues capital expenditures when capital work has been completed but the associated bills have not yet been paid. Accrued capital expenditures are excluded from the statements of consolidated cash flows until they are paid.

Expansion capital expenditures are expenditures incurred for capital improvements that EQM expects will increase its operating income or operating capacity over the long term. In 2019, expansion capital expenditures reflected investments in the assets acquired in the Bolt-on Acquisition, the EQM-RMP Merger and the Drop-Down Transaction, as well as the Hammerhead project and various wellhead gathering expansion projects, partly offset by decreased spending on the Equitrans, L.P. Expansion project. In 2018, expansion capital expenditures reflected primarily investments in the assets acquired in the EQM-RMP Merger and the Drop-Down Transaction and in the following projects: the Hammerhead project, the Equitrans, L.P. Expansion project, various wellhead gathering expansion projects and the Range Resources header pipeline project.

Maintenance capital expenditures are expenditures made to maintain, over the long term, EQM's operating capacity or operating income. Examples of maintenance capital expenditures are expenditures to repair, refurbish and replace pipelines, to connect new wells to maintain throughput, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations. Maintenance capital expenditures increased by $13.3 million in 2019 compared to 2018 primarily as a result of maintenance associated with the assets acquired in the Bolt-on Acquisition, additional assets placed in service and the timing of ongoing maintenance projects.

Included in maintenance capital expenditures are funded regulatory compliance capital expenditures. Prior to the Separation, for the period from January 1, 2018 through November 12, 2018 and for the year ended December 31, 2017, EQM was reimbursed $3.9 million and $15.5 million, respectively, by EQT under the terms of the EQT Omnibus Agreement, which is included in maintenance capital expenditures. Under the EQT Omnibus Agreement, for a period of ten years after the closing of EQM's IPO, EQT has agreed to reimburse EQM for plugging and abandonment expenditures for certain identified EQT and other third party wells. Additionally, EQT has agreed to reimburse EQM for bare steel replacement capital expenditures in the event that ongoing maintenance capital expenditures (other than capital expenditures associated with plugging and abandonment liabilities to be reimbursed by EQT) exceed $17.2 million (with respect to EQM's assets owned at the time of the IPO) in any year. If such ongoing maintenance capital expenditures and bare steel replacement capital expenditures exceed $17.2 million during a year, EQT will reimburse EQM for the lesser of (i) the amount of bare steel replacement capital expenditures during such year and (ii) the amount by which such ongoing capital expenditures and bare steel replacement capital expenditures exceeds $17.2 million. This bare steel replacement reimbursement obligation is capped at an aggregate amount of $31.5 million over the ten years following EQM's IPO. Since EQM's IPO through the date of Separation, EQM has been reimbursed approximately $30.7 million for bare steel replacement capital expenditures by EQT. Amounts reimbursed are recorded as capital contributions when received. See Note 8 for further information.

In connection with the Separation, Equitrans Midstream assumed all of EQT's obligations to indemnify and reimburse EQM under the EQT Omnibus Agreement, other than for those losses or expenses relating to or arising from plugging and abandonment obligations. During 2019, Equitrans Midstream reimbursed EQM approximately $0.7 million associated with bare steel replacement capital expenditures. As of December 31, 2019, Equitrans Midstream's reimbursement obligations associated with bare steel replacement capital expenditures had been capped. Please read "Item 13. Certain Relationships and Related Transactions, and Director Independence—Agreements with EQT—Omnibus Agreement."

In 2020, EQM expects to make capital contributions to the MVP Joint Venture of $650 million to $700 million depending on the timing of the construction of the MVP project and approximately $50 million for the MVP Southgate project. Expansion capital expenditures are expected to be approximately $525 million (exclusive of approximately $40 million attributable to the noncontrolling interest in Eureka Midstream) and maintenance capital expenditures are expected to be approximately $55 million (exclusive of approximately $5 million attributable to the noncontrolling interest in Eureka Midstream), net of expected reimbursements. Future capital investments may vary significantly from period to period based on the available investment opportunities and the timing of the construction of the MVP, MVP Southgate and other projects. Maintenance 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, borrowings under its and its subsidiaries' respective credit facilities (including term loan agreements), debt transactions and issuances of additional EQM partnership units. EQM is not forecasting any public equity issuance for currently anticipated organic growth projects.

Credit Facility Borrowings

See Note 12 for discussion of EQM's and its subsidiaries credit facilities. See Note 19 for additional information on the proposed Intercompany Loan.

Security Ratings

The table below sets forth the credit ratings for debt instruments of EQM at December 31, 2019.

Rating Service	Senior Notes	Outlook
Moody's	Ba1	Stable
S&P	BBB-	Negative
Fitch	BBB-	Negative

On January 31, 2020, Moody's affirmed our Ba1 credit rating but changed its outlook from stable to negative, citing uncertainty around the MVP project and EQT's weakening credit profile. On February 4, 2020, S&P downgraded EQM's credit to a BB+ rating, with a negative outlook, from a BBB- rating. On February 27, 2020, S&P further downgraded EQM's credit to a BB rating, with a stable outlook, citing increased leverage as a result of the announcement of the EQM Merger as the rationale for taking action on our credit rating. Further, on February 18, 2020, Fitch downgraded EQM to a BB rating, with a negative outlook, from a BBB- rating, citing a downgrade of EQT's credit rating from BBB- to BB, with a negative outlook, on February 14, 2020, as well as uncertainty around the MVP project, as the principal reasons for the rating action. 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, including in connection with the MVP project or the creditworthiness of EQM's customers, including EQT. As of December 31, 2019, EQT's public debt had an investment grade rating, but was on negative outlook with Moody's, S&P and Fitch. On January 13, 2020, Moody's downgraded EQT's senior unsecured rating to Ba1 with a negative outlook from Baa3 with a negative outlook. On February 3, 2020, S&P downgraded EQT's senior unsecured rating to BB+ with a negative outlook, from BBB- with a negative outlook. Further, on February 14, 2020, Fitch downgraded EQT's senior unsecured rating to BB with a negative outlook, from BBB- with a negative outlook. If any credit rating agency further 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, if applicable, construction contracts, 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 ratings are considered non-investment grade.

Distributions

See Note 10 for discussion of distributions.

Schedule of Contractual Obligations

The following represents EQM's contractual obligations as of December 31, 2019. Purchase obligations exclude EQM's future capital contributions to the MVP Joint Venture and purchase obligations of the MVP Joint Venture. In addition, the following contractual obligations exclude distributions associated with the Series A Preferred Units.

	Total	2020	2021-2022	2023-2024	2025+
			(Thousands)		
Long-term debt [a]	$ 4,900,000	$ —	$ 1,400,000	$ 1,600,000	$ 1,900,000
Credit facility borrowings [b]	902,500	—	292,500	610,000	—
Interest payments on senior notes [c]	1,850,292	175,375	350,750	270,573	1,053,594
Purchase obligations [d]	24,062	24,062	—	—	—
Operating lease obligations [e]	65,028	12,504	18,223	9,573	24,728
Total contractual obligations	$ 7,741,882	$ 211,941	$ 2,061,473	$ 2,490,146	$ 2,978,322

(a) Includes $3.5 billion in aggregate principal amount of EQM's senior notes and $1.4 billion associated with the term loans issued pursuant to the 2019 EQM Term Loan Agreement as of December 31, 2019. See Note 12 for further information.

(b) Credit facility borrowings were classified based on the termination date of the credit facility agreements. As of December 31, 2019, EQM had aggregate credit facility borrowings outstanding of approximately $610 million and $293 million on its $3 Billion Facility and the Eureka Credit Facility, respectively. See Note 12 for further information.

(c) Interest payments exclude interest related to the $3 Billion Facility, Eureka Credit Facility and term loans under the 2019 EQM Term Loan Agreement as the interest rates on the credit facility borrowings and term loan are variable.

(d) Purchase obligations represent agreements to purchase goods or services that are enforceable, legally binding and specify all significant terms, including the approximate timing of the transaction. As of December 31, 2019, EQM's purchase obligations included commitments for capital expenditures, operating expenses and service contracts.

(e) Operating leases are primarily entered into for various office locations and warehouse buildings, as well as lease obligations for compression equipment under existing contracts with third parties.

See Note 19 for additional information on the proposed Intercompany Loan.

Commitments and Contingencies

In the ordinary course of business, various legal and regulatory claims and proceedings are pending or threatened against EQM and its subsidiaries. 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 incurred. EQM establishes reserves whenever it believes it to be appropriate for pending matters. Furthermore, after consultation with counsel and considering available insurance, EQM believes that the ultimate outcome of any matter currently pending against it or any of its subsidiaries will not materially affect its business, financial condition, results of operations, liquidity or ability to make distributions.

See "***The regulatory approval process for the construction of new midstream assets is challenging, and recent decisions by regulatory and judicial authorities in pending proceedings could impact our or the MVP Joint Venture's ability to obtain all approvals and authorizations necessary to complete certain projects on the projected time frame or at all or our ability to achieve the expected investment return on the projects.***" under "Risk Factors – Risks Inherent in our Business" included in "Item 1A. Risk Factors," and see "Item 3. Legal Proceedings" for discussion of litigation and regulatory proceedings related to the MVP project.

See Note 16 for further discussion of EQM's commitments and contingencies.

Off-Balance Sheet Arrangements

See Note 9 for discussion of the MVP Joint Venture guarantees.

Recently Issued Accounting Standards

Recently issued accounting standards relevant to EQM are described in Note 1.

Critical Accounting Policies and Estimates

EQM's significant accounting policies are described in Note 1. Preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures of contingent assets and liabilities. The following critical accounting policies, which were reviewed by EQM's Audit Committee, relate to its more significant judgments and estimates used in the preparation of its consolidated financial statements. Actual results could differ from those estimates.

Property, Plant and Equipment. Determination of depreciation requires judgment regarding the estimated useful lives and salvage values of property, plant and equipment. EQM has not historically experienced material changes in its results of operations from changes in the estimated useful lives or salvage values of its property, plant and equipment; however, these estimates are reviewed periodically, including each time Equitrans, L.P. files with the FERC for a change in its transmission, storage and gathering rates. EQM believes that the accounting estimate related to depreciation is a "critical accounting estimate" because it is susceptible to change. These assumptions affect depreciation expense and, if changed, would have an effect on EQM's results of operations and financial position. See Note 1 for additional information.

Impairments of Long-lived Assets, Including Intangible Assets and Goodwill. Any accounting estimate related to impairment of property, plant and equipment, finite-lived intangible assets, goodwill or an investment in an unconsolidated entity may require EQM's management to make assumptions about future cash flows, discount rates, the fair value of investments and whether losses in the value of its investments are other than temporary. Management's assumptions about future cash flows require significant judgment because actual operating levels have fluctuated in the past and are expected to fluctuate in the future.

Goodwill is the cost of an acquisition less the fair value of the identifiable net assets of the acquired business. Goodwill is evaluated for impairment at least annually or whenever events or changes in circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount. EQM uses a combination of an income and market approach to estimate the fair value of a reporting unit. See Notes 1 and 3 for additional information.

EQM believes that the accounting estimates related to impairments are "critical accounting estimates" because they require assumptions that are susceptible to change, including estimating fair value which requires considerable judgment. For goodwill, management’s estimate of a reporting unit’s future financial results is sensitive to changes in assumptions, such as changes in stock prices, weighted-average cost of capital, terminal growth rates and industry multiples. EQM believes the estimates and assumptions used in estimating its reporting units’ fair values are reasonable and appropriate, however, different assumptions and estimates could materially affect the calculated fair value and the resulting conclusion on impairment of goodwill, which could materially affect EQM’s results of operations and financial position. Additionally, actual results could differ from these estimates. EQM performed a sensitivity analysis for the RMP PA Gas Gathering reporting unit (defined and discussed in Note 1), which is the only reporting unit with goodwill as of December 31, 2019, to quantify the effect of certain changes to assumptions used in the goodwill assessment. It was determined that a 1% increase to the weighted average cost of capital and a corresponding 1% decrease to the terminal cash flow growth rate would have resulted in EQM’s recognition of approximately $81.3 million of additional impairment of goodwill as of December 31, 2019.

EQM’s investments in unconsolidated entities also require considerable judgment to estimate fair value because EQM’s investments are not traded on an active market. Additionally, investments in unconsolidated entities are susceptible to impairment risk from further adverse macroeconomic conditions or other adverse factors such as permit and litigation matters impacting the MVP project. Such matters could cause further significant delays in the timing and costs of the MVP project which could result in a decline in fair value that could trigger future impairment charges relating to EQM’s investments in unconsolidated entities.

Any potential impairment would have an effect on EQM's results of operations and financial position. See Notes 1 and 3 for additional information.

Revenue Recognition. Revenue from the gathering, transmission and storage of natural gas is generally recognized when the service is provided. Revenue from water services is generally recognized when water is delivered. For all contracts, EQM allocates the transaction price to each performance obligation based on the judgmentally determined relative standalone selling price. When applicable, the excess of consideration received over revenue recognized results in the deferral of those amounts until future periods based on a units of production or straight-line methodology as these methods appropriately match the consumption of services provided to the customer. The units of production methodology requires the use of production estimates that are uncertain and the use of judgment when developing estimates of future production volumes, thus impacting the rate of revenue recognition. Production estimates are monitored as circumstances and events warrant. Certain of our gas gathering and water agreements have MVCs. If a customer under such an agreement fails to meet its MVC for a specified period (thus not exercising all the contractual rights to gathering and water services within the specified period, herein referred to as “breakage”), it is obligated to pay a contractually determined fee based upon the shortfall between the actual gathered or water volumes and the MVC for the period contained in the contract. Based on management’s judgment, it is probable that the

customer will not exercise all or a portion of its remaining rights, we recognize revenue associated with such breakage amount in proportion to the pattern of exercised rights within the respective MVC period.

Revenue related to services provided but not yet billed is estimated each month. These estimates are generally based on contract data, preliminary throughput and allocation measurements. Final bills for the current month are billed and collected in the following month. See Note 4 for additional information.

EQM records a provision for accounts receivable that are estimated to be uncollectible. In order to calculate the appropriate provision, an estimated loss rate of accounts receivable as a percentage of total revenue is used. This estimated loss rate is applied to the outstanding accounts receivable and is updated periodically based on a customer's credit rating or other events that could impact the estimated loss rate, such as a significant change to the natural gas industry or to the economy as a whole. Management reviews the adequacy of the allowance on a quarterly basis using the assumptions that apply at that time. While EQM has not historically experienced material bad debt expense, declines in the market price for natural gas affecting producer activity combined with the increase in customers on EQM's systems may result in a greater exposure to potential losses than management's current estimates.

EQM believes that the accounting estimates related to revenue recognition are "critical accounting estimates" because estimated volumes are subject to change based on actual measurements, including prior period adjustments. In addition, EQM believes that the accounting estimates related to the allowance for doubtful accounts receivable are "critical accounting estimates" because the underlying assumptions used for the allowance can change and the actual mix of customers and their ability to pay may vary significantly from management's estimates, which could affect the collectability of customer accounts. These accounting estimates could potentially have a material effect on EQM's results of operations and financial position.

Business Combinations. During the second quarter of 2019, EQM recorded the Bolt-on Acquisition using the acquisition method of accounting; accordingly, the values assigned to the assets and liabilities are based on EQM's purchase price accounting estimates. Accounting for the acquisition of a business requires a company to record the acquired identifiable assets and liabilities at fair value. The estimated fair value of midstream facilities and equipment, which generally consist of pipeline systems and compression stations, was estimated using the cost approach. Significant unobservable inputs in the estimate of fair value include management's assumptions about the replacement costs for similar assets, the relative age of the acquired assets and any potential economic or functional obsolescence associated with the acquired assets. The fair value of intangible assets was determined using the income approach, which requires a forecast of the expected future cash flows generated and an estimated market-based weighted average cost of capital. Significant unobservable inputs in the determination of fair value include future revenue estimates, future cost assumptions and estimated customer retention rates.

Given the time required to obtain pertinent information necessary to finalize the allocation of the purchase price to the acquired net assets, the purchase price allocation remained preliminary for a period of time before the required fair value estimates were finalized. It is not uncommon for the initial estimates to be subsequently revised. During the fourth quarter of 2019, the Bolt-on Acquisition purchase price accounting was finalized. See Note 2 for further information.

EQM believes that the accounting estimates related to business combinations are "critical accounting estimates" because in determining the fair value of assets acquired, assumptions must be made about projections regarding the timing and amount of future development and operating costs and projections of replacement costs of and future cash flows from midstream assets and cash flows from customer relationships. Different assumptions may result in materially different values for these assets, which would affect EQM's future results of operations and financial position.

Item 7A. 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 and Eureka Midstream pay on borrowings under their respective credit facilities and, in EQM's case, the 2019 EQM Term Loan Agreement. The 2019 EQM Term Loan Agreement, the $3 Billion Facility and the Eureka Credit Facility provide for variable interest rates and thus expose EQM and Eureka Midstream to fluctuations in market interest rates, along with other factors outside EQM's control that can affect its credit rating, which can affect EQM's and, as applicable, Eureka Midstream's results of operations and liquidity, including the amount of cash EQM has available to make quarterly cash distributions to its unitholders. Changes in interest rates also may affect the distribution rate payable on EQM’s Series A Preferred Units after the twentieth distribution period, which could affect the amount of cash EQM has available to make quarterly cash distributions to its other unitholders. EQM's senior notes are fixed rate and thus do not expose EQM to fluctuations in market interest rates. Changes in interest rates do affect the fair value of EQM's fixed rate debt. See Note 12 for discussion of EQM's borrowings and Note 1 for a discussion of fair value measurements. EQM and Eureka Midstream may from time to time hedge the interest on portions of borrowings under the credit facilities and the 2019 EQM Term Loan Agreement, as applicable, in order to manage risks associated with floating interest rates.

See also the description of the “Intercompany Loan” in Note 19.

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 actively manages its exposure to credit risk associated with customers through credit analysis, credit approval and monitoring procedures. For certain transactions, EQM requests letters of credit, cash collateral, prepayments or guarantees as forms of credit support. Equitrans, L.P.'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 other credit support if certain credit standards are not met. EQM has historically experienced only minimal credit losses in connection with its receivables. EQM is exposed to the credit risk of its customers, including EQT, its largest customer. However, as of December 31, 2019, EQT has guaranteed the payment obligations of certain of its subsidiaries, up to a maximum amount of $115 million, $50 million and $30 million related to gathering, transmission and water services, respectively, across all applicable contracts, for the benefit of the subsidiaries of EQM providing such services. In January 2020, EQT's guaranty in relation to its transmission contracts with EQM increased to $131 million. See Note 15 for further discussion regarding EQM's exposure to credit risk. In addition, EQT has disclosed that it may have credit support obligations of approximately $1.6 billion in connection with its midstream agreements (inclusive of EQT’s commercial agreements with EQM). In connection with the execution of the EQT Global GGA and the Credit Letter Agreement, amongst other things, (a) EQM agreed to relieve certain credit posting requirements for EQT, in an amount of up to approximately $250 million under its commercial agreements with EQM, subject to EQT maintaining a minimum credit rating from two of three rating agencies of (i) Ba3 with Moody’s, (ii) BB- with S&P and (iii) BB- with Fitch and (b) EQM agreed to use commercially reasonable good faith efforts to negotiate similar credit support arrangements for EQT in respect of its commitments to the MVP joint venture.

At December 31, 2019, EQT's public senior debt had an investment grade credit rating. During the third quarter of 2019, Moody's, S&P and Fitch each changed EQT's credit rating outlook to negative from stable. In January 2020, Moody's downgraded EQT's senior debt credit rating to Ba1 from Baa3 and retained its negative outlook. On February 3, 2020, S&P downgraded EQT's senior unsecured rating to BB+ with a negative outlook, from BBB- with a negative outlook. Further, on February 14, 2020, Fitch downgraded EQT's senior unsecured rating to BB with a negative outlook, from BBB- with a negative outlook.

Commodity Prices. EQM's business is dependent on continued natural gas production and the availability and development of 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, or result in lower drilling activity, which would decrease demand for EQM's services. 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. EQM's customers, including EQT, have announced reductions in their capital spending and may announce lower capital spending in the future based on commodity prices, access to capital or other factors. Unless EQM is successful in attracting and retaining new customers, its ability to maintain or increase the capacity subscribed and volumes transported under service arrangements on its transmission and storage system, the volumes gathered on its gathering systems, or the volumes of water provided by its water service business will be dependent on receiving consistent or increasing commitments from its existing customers, including EQT. While EQT has dedicated acreage to EQM and has entered into long-term firm transmission and gathering contracts and contracts with MVCs on certain of 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. See also Note 19 for a discussion of the "EQT Global GGA" and the "Water Services Letter Agreement" with EQT.

EQM's cash flow profile is underpinned by both firm reservation fee revenues and volumetric-based fees, with approximately 58% of its revenue for the year ended December 31, 2019 generated by firm reservation fee revenues. Accordingly, EQM believes that the effect of short- and medium-term declines in volumes of gas produced, gathered, transported or stored on its systems may be mitigated because firm reservation fee revenues are paid regardless of volumes supplied to the system by customers. See "***Our exposure to direct commodity price risk may increase in the future***," under "Item 1A. Risk Factors" in this Annual Report on Form 10-K. Sustained periods of low commodity prices could have a further adverse effect on customer creditworthiness and related ability to pay firm reservation fees under long-term contracts and/or affect activity levels and accordingly volumetric-based fees which could affect EQM's results of operations, liquidity or financial position. Significant declines in gas production in EQM's areas of operations would adversely affect its growth potential.

Other Market Risks. EQM's $3 Billion Facility is underwritten by a syndicate of 21 financial institutions, each of which is obligated to fund its pro-rata portion of any borrowings by EQM. No one lender of the financial institutions in the syndicate

holds more than 10% of the facility. EQM's large syndicate groups and relatively low percentage of participation by each lender is expected to limit EQM's exposure to disruption or consolidation in the banking industry.

The Eureka Credit Facility is underwritten by a syndicate of 14 financial institutions, each of which is obligated to fund its pro-rata portion of any borrowings by Eureka. Only one lender of the financial institutions in the syndicate holds more than 10% of the facility (approximately 13% held by ABN AMRO Capital USA LLC). Eureka's large syndicate group and relatively low percentage of participation by each lender is expected to limit Eureka's exposure to disruption or consolidation in the banking industry.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Unitholders of EQM Midstream Partners, LP and the Board of Directors of EQGP Services, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of EQM Midstream Partners, LP and subsidiaries (the Partnership) as of December 31, 2019 and 2018, the related statements of consolidated operations, cash flows and equity for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accounting for acquisition of Eureka Midstream and Hornet Midstream

Description of the Matter

As discussed in Note 2 to the consolidated financial statements, during the year ended December 31, 2019, the Partnership completed the acquisition of a 60% Class A interest in Eureka Midstream and a 100% interest in Hornet Midstream Holdings, LLC (collectively, the "Bolt-on Acquisition") for total consideration of approximately $1.04 billion. The Bolt-on Acquisition was accounted for under the acquisition method of accounting whereby the total purchase price was allocated to tangible and intangible assets acquired and liabilities assumed based on the respective fair values.

Auditing the Partnership's accounting for the Bolt-on Acquisition was complex due to the significant estimation uncertainty in determining the fair value of identified intangible assets, which principally consisted of customer relationships. The Partnership used the income approach to value the customer relationship intangible assets. Significant estimation uncertainty was primarily due to the sensitivity of the fair value of the customer relationship intangible assets to underlying assumptions related to expected future cash flows. The significant assumptions used to estimate the fair value of the customer relationships included the forecasted revenue, which contemplates among other things estimates of natural gas volumes to be gathered in the future and a weighted average cost of capital. These significant assumptions are forward-looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Partnership's process to apply the acquisition method, including controls over management's review of the significant assumptions described above.

To test the estimated fair value of the acquired customer relationships, our audit procedures included, among others, assessing the valuation methodology and testing the significant assumptions discussed above and the underlying data used by the Partnership. For example, we compared the forecasted revenue and earnings to current industry and economic trends as well as the historic financial performance of the acquired business and its primary customers and, where applicable, evaluated the projected gathering volumes used in determining the fair value of the customer relationships based upon the terms of the underlying contracts with customers. With the assistance of our specialist, we evaluated the discount rate used to value the customer relationships, the weighted average cost of capital, internal rate of return and weighted-average return on assets. We also performed sensitivity analyses to evaluate the changes in the fair value of the intangible assets that would result from changes in the significant assumptions.

Valuation of RMP PA Gas Gathering Reporting Unit Goodwill

Description of the Matter

At December 31, 2019, the Partnership has goodwill of approximately $486.7 million related to the RMP PA Gas Gathering reporting unit. As discussed in Notes 1 and 3 to the consolidated financial statements, goodwill is evaluated for impairment at least annually and whenever events or changes in circumstance indicate that the fair value of a reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, the Partnership determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then a quantitative assessment is not required. However, if the Partnership concludes otherwise, a quantitative impairment analysis is performed. If the Partnership chooses not to perform a qualitative assessment, or if it chooses to perform a qualitative assessment but is unable to qualitatively conclude that no impairment has occurred, then the Partnership will perform a quantitative assessment. In the case of a quantitative impairment test, the Partnership estimates the fair value of the reporting unit with which the goodwill is associated and compares it to the carrying value. If the estimated fair value of a reporting unit is less than its carrying value, an impairment charge is recognized for the excess of the reporting unit's carrying value over its fair value. During the year ended December 31, 2019, the Partnership recorded interim and annual impairment losses totaling approximately $598.3 million related to the RMP PA Gas Gathering reporting unit.

Auditing management's quantitative goodwill impairment tests for the RMP PA Gas Gathering reporting unit was complex due to the significant estimation required to determine the fair value of that reporting unit. In particular, the fair value estimates of that reporting unit were sensitive to significant assumptions, including assumptions regarding customers' development plans and discount rates. These assumptions could be affected by factors such as unexpected future production curtailments by the Partnership's customers that have contracts with volumetric-based fees or future market or economic conditions and industry and partnership-specific qualitative factors.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Partnership's goodwill impairment review process, including controls over management's review of the significant assumptions described above.

To test the estimated fair value of the Partnership's RMP PA Gas Gathering reporting unit for which quantitative impairment tests were performed, we performed audit procedures that included, among others, evaluating methodologies used and testing the significant assumptions discussed above and testing the underlying data used by the Partnership in its analyses for completeness and accuracy. We compared the significant assumptions used by management to current industry and economic trends and evaluated whether changes in those trends would affect the significant assumptions. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the reporting unit that would result from changes in the assumptions. We involved our valuation specialists to assist in reviewing the valuation methodology and testing the discount rate assumption.

/s/ Ernst & Young, LLP

We have served as the Partnership's auditor since 2012.

Pittsburgh, Pennsylvania

February 27, 2020

Report of Independent Registered Public Accounting Firm

To the Unitholders of EQM Midstream Partners, LP and the Board of Directors of EQGP Services, LLC

Opinion on Internal Control over Financial Reporting

We have audited EQM Midstream Partners, LP and subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, EQM Midstream Partners, LP and subsidiaries (the Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the entities acquired in the Bolt-on Acquisition on April 10, 2019, which are included in the 2019 consolidated financial statements of the Partnership and constituted approximately 14% and 23% of total and net assets, respectively, as of December 31, 2019 and 6% of revenues for the year then ended. Our audit of internal control over financial reporting of the Partnership also did not include an evaluation of the internal control over financial reporting of the entities acquired in the Bolt-on Acquisition on April 10, 2019.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Partnership as of December 31, 2019, and 2018, the related statements of consolidated operations, cash flows and equity for each of the three years in the period ended December 31, 2019 and the related notes and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young, LLP

Pittsburgh, Pennsylvania
February 27, 2020

EQM MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED OPERATIONS [a]
YEARS ENDED DECEMBER 31,

	2019	2018	2017
	(Thousands, except per unit amounts)		
Operating revenues [b]	$ 1,630,242	$ 1,495,098	$ 895,558
Operating expenses:			
Operating and maintenance [c]	165,367	163,451	84,831
Selling, general and administrative [c]	110,620	121,831	77,321
Separation and other transaction costs	19,344	7,761	—
Depreciation	223,160	171,914	107,161
Amortization of intangible assets	53,258	41,547	5,540
Impairments of long-lived assets [d]	854,307	261,941	—
Total operating expenses	1,426,056	768,445	274,853
Operating income	204,186	726,653	620,705
Equity income [e]	163,279	61,778	22,171
Other income	4,601	5,011	4,439
Net interest expense [f]	209,984	122,094	36,955
Net income	162,082	671,348	610,360
Net (loss) income attributable to noncontrolling interests	(21,291)	3,346	734
Net income attributable to EQM	$ 183,373	$ 668,002	$ 609,626
Calculation of limited partner common unit interest in net income:			
Net income attributable to EQM	$ 183,373	$ 668,002	$ 609,626
Less: holders of Series A Preferred Units interest in net income	(73,981)	—	—
Less pre-acquisition net income allocated to EQT	—	(164,242)	(37,722)
Less general partner interest in net income - general partner units	—	(6,104)	(10,060)
Less general partner interest in net income - IDRs	—	(255,927)	(143,531)
Limited partners' (common unitholders) interest in net income	$ 109,392	$ 241,729	$ 418,313
Net income per limited partner common unit – basic [g]	$ 0.58	$ 2.43	$ 5.19
Net income per limited partner common unit – diluted [g]	$ 0.56	$ 2.43	$ 5.19
Weighted average limited partner common units outstanding – basic	189,085	99,303	80,603
Weighted average limited partner common units outstanding – diluted	196,085	99,303	80,603
Cash distributions declared per common unit [h]	$ 4.63	$ 4.40	$ 3.83

(a) As discussed in Note 1, EQM's consolidated financial statements have been retrospectively recast to include the pre-acquisition results of EQM Olympus Midstream LLC (EQM Olympus), Strike Force Midstream Holdings LLC (Strike Force) and EQM West Virginia Midstream LLC (EQM WV), which were acquired by EQM effective on May 1, 2018 (the Drop-Down Transaction), and Rice Midstream Partners LP (RMP), which was acquired by EQM effective on July 23, 2018 (the EQM-RMP Merger), because these transactions were between entities under common control at the time of acquisition.

(b) Operating revenues included related party revenues from EQT Corporation (NYSE: EQT) (EQT) of approximately $1,122.6 million, $1,111.3 million and $665.9 million for the years ended December 31, 2019, 2018 and 2017, respectively. See Note 8.

(c) For the year ended December 31, 2019, operating and maintenance expense included approximately $52.7 million in charges from Equitrans Midstream Corporation. In the Successor period (defined in Note 1) from November 13, 2018 to December 31, 2018, operating and maintenance expense did not include any charges from Equitrans Midstream Corporation. In the Predecessor period from January 1, 2018 to November 12, 2018, and for the year ended December 31, 2017, operating and maintenance expense included charges from EQT of $49.8 million and $40.2 million, respectively. For the year ended December 31, 2019 and for the period from November 13, 2018 to December 31, 2018, selling, general and administrative expense included charges from Equitrans Midstream Corporation of $89.2 million and $16.3 million, respectively. In the Predecessor period from January 1, 2018 to November 12, 2018, and for the year ended December 31, 2017, selling, general and administrative expense included charges from EQT of $81.7 million and $72.6 million, respectively. See Note 8.

(d) See Note 3 for disclosure regarding impairments of long-lived assets.
(e) Represents equity income from Mountain Valley Pipeline, LLC (the MVP Joint Venture). See Note 9.
(f) For the years ended December 31, 2019, 2018 and 2017, net interest expense included interest income on the preferred interest that EQM has in EQT Energy Supply, LLC (EES) (the Preferred Interest) of $6.3 million, $6.6 million and $6.8 million, respectively.
(g) See Note 13 for disclosure regarding EQM's calculation of net income per limited partner unit (basic and diluted).
(h) Represents the cash distributions declared related to the period presented. See Note 10.

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

EQM MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS [a]
YEARS ENDED DECEMBER 31,

	2019	2018	2017
		(Thousands)	
Cash flows from operating activities:			
Net income	$ 162,082	$ 671,348	$ 610,360
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	223,160	171,914	107,161
Amortization of intangible assets	53,258	41,547	5,540
Impairments of long-lived assets [b]	854,307	261,941	—
Equity income [c]	(163,279)	(61,778)	(22,171)
AFUDC – equity	(5,162)	(5,570)	(5,110)
Non-cash long term compensation expense	255	1,275	242
Changes in other assets and liabilities:			
Accounts receivable	17,099	(48,046)	(24,583)
Accounts payable	(89,210)	94,961	2,853
Other assets and other liabilities	(3,103)	59,647	7,556
Net cash provided by operating activities	1,049,407	1,187,239	681,848
Cash flows from investing activities:			
Capital expenditures	(1,022,470)	(837,003)	(380,151)
Bolt-on Acquisition (Note 2), net of cash acquired	(837,231)	—	—
Drop-Down Transaction (Note 2)	—	(1,193,160)	—
Capital contributions to the MVP Joint Venture	(774,593)	(913,195)	(159,550)
Purchase of interests in the MVP Joint Venture	—	(11,302)	—
Principal payments received on the Preferred Interest (Note 2)	4,661	4,406	4,166
Net cash used in investing activities	(2,629,633)	(2,950,254)	(535,535)
Cash flows from financing activities:			
Proceeds from credit facility borrowings	2,402,000	3,427,500	544,000
Payments on credit facility borrowings	(2,397,000)	(3,268,500)	(344,000)
Pay-down of long-term debt associated with Bolt-on Acquisition (Note 2)	(28,325)	—	—
Proceeds from the issuance of long-term debt	1,400,000	2,500,000	—
Proceeds from the issuance of Series A Preferred Units, net of offering costs	1,158,313	—	—
Net contributions from EQT	—	3,001	29,711
Acquisition of 25% of Strike Force Midstream LLC	—	(175,000)	—
Capital contributions	711	16,790	9,790
Distributions paid to unitholders	(905,878)	(736,145)	(442,229)
Distributions paid to holders of Series A Preferred Units	(48,480)	—	—
Distributions paid to noncontrolling interest	—	(750)	—
Debt discount, debt issuance costs and credit facility origination fees	(2,870)	(40,966)	(2,257)
Net cash provided by (used in) financing activities	1,578,471	1,725,930	(204,985)
Net change in cash and cash equivalents	(1,755)	(37,085)	(58,672)
Cash and cash equivalents at beginning of year [d]	17,515	54,600	113,272
Cash and cash equivalents at end of year	$ 15,760	$ 17,515	$ 54,600
Cash paid during the year for:			
Interest, net of amount capitalized	$ 216,592	$ 54,154	$ 43,794
Non-cash activity during the year:			
(Decrease) increase in capital contribution receivable from EQT	$ —	$ (12,924)	$ 12,411

(a) As discussed in Note 1, EQM's consolidated financial statements have been retrospectively recast to include the pre-acquisition results of the Drop-Down Transaction and the EQM-RMP Merger because these transactions were between entities under common control.
(b) See Note 3 for disclosure regarding impairments of long-lived assets.
(c) Represents equity income from the MVP Joint Venture. See Note 9.

(d) Cash and cash equivalents at beginning of year for December 31, 2017 includes $52.9 million of cash and cash equivalents acquired at the effective time of the Rice Merger. See Note 2.

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

EQM MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

	2019	2018
	(Thousands, except number of units)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 15,760	$ 17,515
Accounts receivable (net of allowance for doubtful accounts of $285 and $75 as of December 31, 2019 and 2018, respectively) [(a)]	254,109	254,390
Other current assets	25,004	14,909
Total current assets	294,873	286,814
Property, plant and equipment	8,572,499	6,367,530
Less: accumulated depreciation	(857,377)	(560,902)
Net property, plant and equipment	7,715,122	5,806,628
Investment in unconsolidated entity	2,324,108	1,510,289
Goodwill [(b)]	486,698	1,123,813
Net intangible assets	797,439	576,113
Other assets	196,779	152,464
Total assets	$ 11,815,019	$ 9,456,121
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable [(c)]	$ 126,786	$ 207,877
Due to Equitrans Midstream	39,009	44,509
Capital contribution payable to the MVP Joint Venture	45,150	169,202
Accrued interest	73,366	80,199
Accrued liabilities	31,550	20,672
Total current liabilities	315,861	522,459
Credit facility borrowings	902,500	625,000
Long-term debt [(d)]	4,859,499	3,456,639
Regulatory and other long-term liabilities	78,397	38,724
Total liabilities	6,156,257	4,642,822
Equity:		
Series A Preferred Units (24,605,291 and 0 units issued and outstanding at December 31, 2019 and 2018, respectively)	1,183,814	—
Common units (200,457,630 and 120,457,638 units issued and outstanding at December 31, 2019 and 2018, respectively)	4,020,601	4,783,673
Class B units (7,000,000 and 0 units issued and outstanding at December 31, 2019 and 2018, respectively)	(2,822)	—
General partner units (0 and 1,443,015 units issued and outstanding at December 31, 2019 and 2018, respectively)	—	29,626
Noncontrolling interest [(e)]	457,169	—
Total equity	5,658,762	4,813,299
Total liabilities and equity	$ 11,815,019	$ 9,456,121

(a) Accounts receivable as of December 31, 2019 and 2018 included approximately $175.2 million and $174.8 million, respectively, of related party accounts receivable from EQT.

(b) See Note 3 for disclosures regarding impairments to goodwill.
(c) Accounts payable as of December 31, 2018 included approximately $34.0 million of related party accounts payable to EQT. There was no related party balance with EQT included in accounts payable as of December 31, 2019.
(d) As of December 31, 2019, EQM had aggregate credit facility borrowings outstanding of approximately $610 million and $293 million on its $3 Billion Facility and the Eureka Credit Facility, respectively (both defined in Note 12). As of December 31, 2018, EQM had credit facility borrowings outstanding of approximately $625 million on its $3 Billion Facility. See Note 12 for further detail.
(e) Noncontrolling interest as of December 31, 2019 represents third-party ownership in Eureka Midstream. See Note 2 for further information.

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

EQM MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED EQUITY
YEARS ENDED DECEMBER 31, 2019, 2018 and 2017 [a]

		Limited Partners					
	Predecessor Equity	Series A Preferred Units	Common Units	Class B Units	General Partner	Noncontrolling Interest	Total Equity
				(Thousands)			
Balance at January 1, 2017	$ —	$ —	$ 2,008,510	$ —	$ (14,956)	$ —	$ 1,993,554
Net income	37,722	—	418,313	—	153,591	734	610,360
EQT acquisition of EQM Olympus, Strike Force, and EQM WV	1,349,316	—	—	—	—	166,000	1,515,316
EQT acquisition of RMP	2,499,668	—	—	—	—	—	2,499,668
Capital contributions	—	—	15,184	—	279	—	15,463
Equity-based compensation plans	17	—	225	—	—	—	242
Net contributions from EQT, net of distributions	29,711	—	—	—	—	—	29,711
Net contributions from noncontrolling interest, net of distributions	—	—	—	—	—	6,738	6,738
Distributions to unitholders	—	—	(294,526)	—	(137,662)	—	(432,188)
Balance at December 31, 2017	$ 3,916,434	$ —	$ 2,147,706	$ —	$ 1,252	$ 173,472	$ 6,238,864
Net income	164,242	—	241,729	—	262,031	3,346	671,348
Capital contributions	—	—	3,801	—	65	—	3,866
Equity-based compensation plans	922	—	353	—	—	—	1,275
Net contributions from EQT / to Equitrans Midstream	3,660	—	(659)	—	—	—	3,001
Distributions to unitholders	(68,390)	—	(434,033)	—	(233,722)	—	(736,145)
Distributions paid to noncontrolling interest	—	—	—	—	—	(750)	(750)
Acquisition of 25% of Strike Force Midstream LLC	—	—	1,068	—	—	(176,068)	(175,000)
Drop-Down Transaction from EQT	(1,436,297)	—	243,137	—	—	—	(1,193,160)
EQM-RMP Merger	(2,580,571)	—	2,580,571	—	—	—	—
Balance at December 31, 2018	$ —	$ —	$ 4,783,673	$ —	$ 29,626	$ —	$ 4,813,299
Net income	—	73,981	108,970	(1,345)	1,767	(21,291)	162,082
Capital contributions	—	—	711	—	—	—	711
Equity-based compensation plans	—	—	255	—	—	—	255
Distributions paid to unitholders	—	—	(830,703)	—	(75,175)	—	(905,878)
Distributions paid to holders of Series A Preferred Units	—	(48,480)	—	—	—	—	(48,480)
Equity restructuring associated with the EQM IDR Transaction	—	—	(42,305)	(1,477)	43,782	—	—
Issuance of Series A Preferred Units, net of offering costs	—	1,158,313	—	—	—	—	1,158,313
Bolt-on Acquisition (Note 2)	—	—	—	—	—	478,460	478,460
Balance at December 31, 2019	$ —	$ 1,183,814	$ 4,020,601	$ (2,822)	$ —	$ 457,169	$ 5,658,762

(a) As discussed in Note 1, EQM's consolidated financial statements have been retrospectively recast to include the pre-acquisition results of the Drop-Down Transaction and the EQM-RMP Merger because these transactions were between entities under common control.

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

EQM MIDSTREAM PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. Summary of Operations and Significant Accounting Policies

Organization

EQM Midstream Partners, LP and subsidiaries (collectively, EQM) is a growth-oriented Delaware limited partnership formed by EQT in January 2012. Prior to the completion of the EQM IDR Transaction (defined below), EQM Midstream Services, LLC was the general partner of EQM (the former EQM general partner). Following the consummation of the EQM IDR Transaction, EQGP Services, LLC, a wholly-owned indirect subsidiary of Equitrans Midstream, became the general partner of EQM (the EQM General Partner). References in these consolidated financial statements to Equitrans Midstream refer collectively to Equitrans Midstream Corporation and its consolidated subsidiaries, as applicable.

On February 21, 2018, EQT announced its plan to separate its midstream business, which was composed of the separately-operated natural gas gathering, transmission and storage and water services of EQT (collectively, the Midstream Business), from its upstream business, which was composed of the natural gas, oil and natural gas liquids development, production and sales and commercial operations of EQT (the Separation). On November 12, 2018, the Separation was effected through a series of transactions that culminated in EQT's contribution of the Midstream Business to Equitrans Midstream. See Note 6 for further information on the Separation.

On February 22, 2019, Equitrans Midstream completed a simplification transaction pursuant to that certain Agreement and Plan of Merger, dated as of February 13, 2019 (the IDR Merger Agreement), by and among Equitrans Midstream and certain related parties, pursuant to which, among other things, (i) Equitrans Merger Sub, LP, a party to the IDR Merger Agreement, merged with and into EQGP Holdings, LP (EQGP, and such merger, the Merger), with EQGP continuing as the surviving limited partnership and a wholly-owned subsidiary of EQM following the Merger, and (ii) each of (a) the incentive distribution rights (IDRs) in EQM, (b) the economic portion of the general partner interest in EQM and (c) the issued and outstanding EQGP common units representing limited partner interests in EQGP were canceled, and, as consideration for such cancellation, certain affiliates of Equitrans Midstream received on a pro rata basis 80,000,000 newly-issued EQM common units and 7,000,000 newly-issued Class B units (Class B units), both representing limited partner interests in EQM, and the EQM General Partner retained the non-economic general partner interest in EQM (the EQM IDR Transaction). Additionally, as part of the EQM IDR Transaction, the 21,811,643 EQM common units held by EQGP were canceled and 21,811,643 EQM common units were issued pro rata to certain affiliates of Equitrans Midstream. See Note 6 for further information on the EQM IDR Transaction and Class B units.

The EQM IDR Transaction constituted an exchange of equity interests between entities under common control and not a transfer of a business. Therefore, the exchange resulted in a reclassification, as of February 22, 2019, of a $43.8 million deficit capital balance from the general partner line item to the common and Class B unit line items in EQM's consolidated balance sheets based on the respective limited partner ownership interests. The reclassification represented an allocation of the carrying value of the exchanged general partner interest. Prior to the EQM IDR Transaction, when distributions related to the general partner interest and IDRs were made, earnings equal to the amount of distributions were allocated to the general partner before the remaining earnings were allocated to the limited partner unitholders based on their respective ownership percentages. Subsequent to the EQM IDR Transaction, no earnings are allocated to the general partner. The allocation of net income attributable to EQM for purposes of calculating net income per limited partner unit is described in Note 13.

On March 13, 2019, EQM entered into a Convertible Preferred Unit Purchase Agreement (inclusive of certain Joinder Agreements entered into on March 18, 2019, the Preferred Unit Purchase Agreement) with certain investors to issue and sell in a private placement (the Private Placement) an aggregate of 24,605,291 Series A Perpetual Convertible Preferred Units (Series A Preferred Units) representing limited partner interests in EQM for a cash purchase price of $48.77 per Series A Preferred Unit, resulting in total gross proceeds of approximately $1.2 billion. The net proceeds from the Private Placement were used in part to fund the purchase price in the Bolt-on Acquisition (defined in Note 2) and to pay certain fees and expenses related to the Bolt-on Acquisition, and the remainder was used for general partnership purposes. The Private Placement closed concurrently with the closing of the Bolt-on Acquisition on April 10, 2019. See Notes 2 and 6 for further information on the Bolt-on Acquisition and the Series A Preferred Units.

Following the EQM IDR Transaction and the closing of the Private Placement, and as of December 31, 2019, Equitrans Midstream held a 59.9% limited partner interest (excluding the Series A Preferred Units) and the non-economic general partner interest in EQM. See Note 6 for further information on the EQM IDR Transaction and Private Placement.

See also Note 19 for a discussion of the EQM Merger.

Basis of Presentation

EQM's consolidated financial statements have been retrospectively recast to include the pre-acquisition results of the Drop-Down Transaction and the EQM-RMP Merger because these transactions represented business combinations between entities under common control. The recast is for the period the acquired businesses were under the common control of EQT, which began on November 13, 2017 as a result of EQT's acquisition of Rice Energy Inc. (Rice) (the Rice Merger). EQM recorded the assets and liabilities acquired in the Drop-Down Transaction and the EQM-RMP Merger at their carrying amounts to EQT on the effective dates of the transactions. The consolidated financial statements are not necessarily indicative of the actual results of operations if EQM and the assets acquired in the Drop-Down Transaction and the EQM-RMP Merger had been operated together during the pre-acquisition periods.

Following the completion of the Bolt-on Acquisition, EQM evaluated Eureka Midstream for consolidation and determined that Eureka Midstream does not meet the criteria for variable interest entity classification due to its ability to independently finance its operations through the Eureka Credit Facility (as defined in Note 12), as well as the members having proportional voting rights through their equity investments. As such, as of December 31, 2019, EQM consolidates Eureka Midstream using the voting interest model, recording noncontrolling interest related to the third-party ownership interests in Eureka Midstream.

EQM and its subsidiaries, including Eureka Midstream, do not have any employees. Operational, management and other services for EQM and its subsidiaries are provided by the directors and officers of the EQM General Partner and employees of Equitrans Midstream.

Nature of Business

EQM is a growth-oriented limited partnership that operates, acquires and develops midstream assets in the Appalachian Basin. EQM provides midstream services to its customers in Pennsylvania, West Virginia and Ohio through its three primary assets: the gathering system, which delivers natural gas from wells and other receipt points to transmission pipelines; the transmission and storage system, which delivers natural gas to local demand users and interstate pipelines for access to demand markets; and the water service system, which consists of water pipelines, impoundment facilities, pumping stations, take point facilities and measurement facilities that support well completion activities and collect flowback and produced water for recycling or disposal.

As of December 31, 2019, EQM's gathering system, inclusive of Eureka Midstream Holdings, LLC’s (Eureka Midstream) gathering system, included approximately 990 miles of high-pressure gathering lines with total contracted firm reservation capacity of approximately 4.4 billion cubic feet (Bcf) per day, which included contracted firm reservation capacity of approximately 1.0 Bcf per day associated with EQM's high-pressure header pipelines, 130 compressor units with compression of approximately 445,000 horsepower and multiple interconnect points with EQM's transmission and storage system and to other interstate pipelines. EQM's gathering system also included approximately 920 miles of Federal Energy Regulatory Commission (FERC)-regulated, low-pressure gathering lines. During the third quarter of 2019, EQM divested certain of its FERC-regulated low-pressure gathering pipelines associated with its Copley gathering system located in West Virginia. See Note 2 for further discussion.

As of December 31, 2019, EQM's transmission and storage system included approximately 950 miles of FERC-regulated, interstate pipelines that have interconnect points to seven interstate pipelines and multiple local distribution companies (LDCs). The transmission and storage system is supported by 39 compressor units, with total throughput capacity of approximately 4.4 Bcf per day and compression of approximately 135,000 horsepower, and 18 associated natural gas storage reservoirs, which have a peak withdrawal capacity of approximately 900 million cubic feet (MMcf) per day and a working gas capacity of approximately 43 Bcf.

As of December 31, 2019, EQM's water system included approximately 180 miles of pipelines that deliver fresh water from the Monongahela River, the Ohio River, local reservoirs and several regional waterways. The fresh water delivery services systems consist of permanent, buried pipelines, surface pipelines and fresh water storage facilities, as well as pumping stations and 28 fresh water impoundment facilities, which support fresh water transportation throughout the systems, and take point facilities and measurement facilities, which support well completion activities and collect and recycle or dispose flowback and produced water.

See also Note 19 for a discussion of the “EQT Global GGA,” “Water Services Letter Agreement” and the “Credit Letter Agreement” with EQT.

Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of all entities in which EQM holds a controlling financial interest.

Investments over which EQM can exert significant influence, but not control, are recorded under the equity method of accounting. The consolidated financial statements reflect the pre-acquisition results of businesses acquired through common control transactions on a combined basis with EQM. See Note 2. Transactions between EQM and EQT during the periods prior to the Separation (Predecessor period) and between EQM and Equitrans Midstream in the periods subsequent to the Separation (Successor period) have been identified in the consolidated financial statements as transactions between related parties and are discussed in Note 8.

Segments: Operating segments are revenue-producing components of the enterprise for which separate financial information is produced internally and is subject to evaluation by EQM's chief operating decision maker in deciding how to allocate resources. Prior to the EQM-RMP Merger, EQM's operating activities were conducted through two business segments: Gathering and Transmission. Following the EQM-RMP Merger, EQM adjusted its internal reporting structure to incorporate the newly acquired assets consistent with how EQM's chief operating decision maker reviews EQM's business operations. EQM reports its operations in three segments that reflect its three lines of business of Gathering, Transmission and Water. The operating segments are evaluated based on their contribution to EQM's operating income and equity income. Transmission also includes EQM's investment in the MVP Joint Venture, which is treated as an equity investment for accounting purposes; as a result, Transmission's portion of the MVP Joint Venture's operating results is reflected in equity income and not in Transmission's operating income. All of EQM's operating revenues, income from continuing operations and assets are generated or located in the United States. See Note 7.

Reclassification: Certain previously reported amounts have been reclassified to conform to the current year presentation.

Use of Estimates: The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect amounts reported in these financial statements. Actual results could differ from those estimates.

Cash Equivalents: EQM classifies highly-liquid investments with original maturities of three months or less as cash equivalents. Interest earned on cash equivalents is recorded as a reduction to net interest expense on the statements of consolidated operations.

Accounts Receivables: Trade and other receivables are stated at their historical carrying amount. Judgment is required to assess the ultimate realization of accounts receivable, including assessing the probability of collection and the creditworthiness of customers. Based on assessments by management, allowances for doubtful accounts were $0.3 million and $0.1 million at December 31, 2019 and 2018, respectively. EQM also has receivables due from EQT as discussed in Note 8.

Fair Value of Financial Instruments: EQM categorizes assets and liabilities disclosed at fair value using a three-level fair value hierarchy based on priority of the inputs used in the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Owing to their short maturity, the carrying values of cash and cash equivalents, accounts receivable, amounts due to/from related parties and accounts payable are assumed to approximate fair value; as such, their fair values are Level 1 fair value measurements. Interest rates on credit facility borrowings and borrowings under the 2019 EQM Term Loan Agreement (defined in Note 12) are based on prevailing market rates, so the carrying values of the credit facility borrowings approximate fair value and the fair values are Level 1 fair value measurements. As EQM's senior notes are not actively traded, their fair values are estimated using an income approach model that applies a discount rate based on prevailing market rates for debt with similar remaining time-to-maturity and credit risk; as such, their fair values are Level 2 fair value measurements. See Note 12.

The fair value of the Preferred Interest is estimated using an income approach model that applies a discount rate based on prevailing market rates and is a Level 3 fair value measurement. As of December 31, 2019 and 2018, the estimated fair value of the Preferred Interest was approximately $126 million and $122 million, respectively, and the carrying value of the Preferred Interest was approximately $110 million and $115 million, respectively, inclusive of the current portion reported in other current assets in the consolidated balance sheets of $4.7 million and $4.4 million, respectively, for each period.

Property, Plant and Equipment: EQM's property, plant and equipment are stated at depreciated cost. Maintenance projects that do not increase the overall life of the related assets are expensed as incurred. Expenditures that extend the useful life of the asset are capitalized. EQM capitalized internal costs of $47.6 million, $54.4 million and $46.5 million in the years ended December 31, 2019, 2018 and 2017, respectively. EQM capitalized interest, including the debt component of allowance for funds used during construction (AFUDC), of $29.5 million, $12.6 million and $4.7 million in the years ended December 31, 2019, 2018 and 2017, respectively.

The following table summarizes EQM's property, plant and equipment.

	December 31,	
	2019	2018
	(Thousands)	
Gathering assets [(a)(b)]	$ 6,512,601	$ 4,387,908
Accumulated depreciation	(478,172)	(247,720)
Net gathering assets	6,034,429	4,140,188
Transmission and storage assets	1,844,859	1,785,157
Accumulated depreciation	(326,140)	(286,693)
Net transmission and storage assets	1,518,719	1,498,464
Water services assets	215,039	194,465
Accumulated depreciation	(53,065)	(26,489)
Net water services assets	161,974	167,976
Net property, plant and equipment	$ 7,715,122	$ 5,806,628

(a) Includes approximately $59.1 million for the year ended December 31, 2019 related to non-operating assets acquired from Equitrans Midstream in the Shared Assets Transaction (defined in Note 2) that primarily support EQM's gathering activities.

(b) Includes approximately $1.2 billion for the year ended December 31, 2019 related to net property, plant and equipment acquired in the Bolt-on Acquisition that primarily supports EQM's gathering activities.

Depreciation is recorded using composite rates on a straight-line basis over the estimated useful life of the asset. The average depreciation rates for the years ended December 31, 2019, 2018 and 2017 were 2.6%, 2.7% and 1.8%, respectively. EQM estimates that gathering and transmission pipelines have useful lives of 20 years to 65 years and compression equipment has useful lives of 20 years to 50 years. EQM estimates that water pipelines, pumping stations and impoundment facilities have useful lives of 10 years to 15 years. As circumstances warrant, depreciation estimates are reviewed to determine if any changes in the underlying assumptions are necessary. EQM re-evaluates depreciation rates for its regulated property, plant and equipment each time it files with the FERC for a change in transmission, storage and gathering rates.

Intangible Assets: Intangible assets are recorded under the acquisition method of accounting at their estimated fair values at the acquisition date, which are calculated as the present value of estimated future cash flows using a risk-adjusted discount rate. As a result of the Drop-Down Transaction, EQM recognized approximately $623.2 million in intangible assets. These intangible assets were valued by EQT based upon the estimated fair value of the customer contracts as of November 13, 2017. The customer contracts were assigned a useful life of 15 years and are amortized on a straight-line basis. The estimated annual amortization expense for these assets for each of the successive five years is $41.5 million.

As a result of the Bolt-on Acquisition, EQM recognized an additional $311.0 million of intangible assets for customer relationships with third-party customers. EQM calculates amortization of intangible assets using the straight-line method over the estimated useful life of the intangible assets, which was 20 years for the Eureka Midstream-related intangible assets as of the acquisition date and 7.25 years for the Hornet Midstream-related intangible assets as of October 1, 2019. The estimated annual amortization expense for these assets for each of the successive five years is approximately $16.8 million. See Note 3 for discussion of impairment to intangible assets.

Amortization expense recorded in the statements of consolidated operations for the years ended December 31, 2019 and 2018 was $53.3 million and $41.5 million, respectively.

Intangible assets, net as of December 31, 2019 and 2018 are detailed below.

	December 31,	
	2019	2018
	(Thousands)	
Intangible assets	$ 934,200	$ 623,200
Less: impairment of Hornet Midstream-related intangible assets [(a)]	(36,405)	—
Less: accumulated amortization	(100,356)	(47,087)
Intangible assets, net	$ 797,439	$ 576,113

(a) See Note 3 for disclosure regarding impairments of long-lived assets.

Impairment of Long-lived Assets, Including Intangible Assets. EQM evaluates long-lived assets, including related intangibles, for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. Asset recoverability is measured by comparing the carrying value of the asset or asset group with its expected future pre-tax undiscounted cash flows. These cash flow estimates require EQM to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, EQM recognizes an impairment equal to the excess of net book value over fair value as determined by quoted market prices in active markets or present value techniques if quotes are unavailable. The determination of the fair value using present value techniques requires EQM to make projections and assumptions regarding the probability of a range of outcomes and the rates of interest used in the present value calculations. Any changes EQM makes to these projections and assumptions could result in significant revisions to its evaluation of recoverability of its property, plant and equipment and the recognition of additional impairments. See Note 3 for further discussion on impairments of long-lived assets.

Goodwill: Goodwill is evaluated for impairment at least annually and whenever events or changes in circumstance indicate that the fair value of a reporting unit is less than its carrying amount. EQM may perform either a qualitative assessment of potential impairment or proceed directly to a quantitative assessment of potential impairment. EQM's qualitative assessment of potential impairment may result in the determination that a quantitative impairment analysis is not necessary. Under this elective process, EQM assesses qualitative factors to determine whether the existence of events or circumstances leads EQM to determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, EQM determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then a quantitative assessment is not required. However, if EQM concludes otherwise, a quantitative impairment analysis is performed.

If EQM chooses not to perform a qualitative assessment, or if it chooses to perform a qualitative assessment but is unable to qualitatively conclude that no impairment has occurred, then EQM will perform a quantitative assessment. In the case of a quantitative assessment, EQM estimates the fair value of the reporting unit with which the goodwill is associated and compares it to the carrying value. If the estimated fair value of a reporting unit is less than its carrying value, an impairment charge is recognized for the excess of the reporting unit's carrying value over its fair value.

The three reporting units to which EQM had goodwill recorded during 2019 were (i) the Ohio gathering assets acquired in the Drop-down Transaction (Rice Retained Midstream), (ii) the Pennsylvania gathering assets acquired in the Rice Merger (RMP PA Gas Gathering) and (iii) the Ohio and West Virginia gathering assets acquired in the Bolt-on Acquisition (Eureka/Hornet, collectively with Rice Retained Midstream and RMP PA Gas Gathering, the Reporting Units). The Reporting Units earn a substantial portion of their revenues from volumetric-based fees, which are sensitive to changes in their customers' development plans. See Note 3 for further detail.

Investment in Unconsolidated Entity: EQM reviews the carrying value of its investments in unconsolidated entities for impairment whenever events or changes in circumstances indicate that the fair value may have declined in value. When there is evidence of loss in value that is other than temporary, EQM compares the investment's carrying value to its estimated fair value to determine whether impairment has occurred. If the carrying value exceeds the estimated fair value, EQM estimates and recognizes an impairment loss equal to the difference between the investment's carrying value and fair value.

Preferred Interest. EES generates revenue by providing services to a local distribution company. The Preferred Interest is accounted for as a note receivable and is presented in other assets in the consolidated balance sheets with the current portion reported in other current assets. Distributions received from EES are recorded partly as a reduction to the Preferred Interest and partly as interest income, which is included in net interest expense in EQM's statements of consolidated operations. The EES operating agreement provides for mandatory redemption of the Preferred Interest at the end of the preference period, which is expected to be December 31, 2034.

Unamortized Debt Discount and Issuance Costs. EQM amortizes debt discounts and issuance costs over the term of the related borrowing. Costs incurred from the issuance and/or extension, as applicable, of revolving credit facilities and term loans, including EQM's $3 Billion Facility and the 2019 EQM Term Loan Agreement (both defined in Note 12), are presented in other assets in the consolidated balance sheets. Debt discounts and issuance costs for all other debt instruments are presented as a reduction to debt in the consolidated balance sheets.

Gas Imbalances: Gas imbalances occur when the actual amount of gas delivered from a pipeline system or storage facility varies from the amount of gas scheduled for delivery. EQM values gas imbalances due to/from shippers and operators at current index prices. Gas imbalances are settled in-kind, subject to the terms of the applicable FERC tariffs. As of December 31, 2019 and 2018, gas imbalance receivables of zero and $3.3 million, respectively, were presented in other current assets, with

offsetting amounts recorded to system gas, a component of property, plant and equipment, in the consolidated balance sheets. EQM classifies gas imbalances as current because they are expected to settle within one year.

Asset Retirement Obligations (AROs): EQM has AROs related to its water system impoundments and to one of its gathering compression stations, for which EQM has recorded an associated liability and capitalized a corresponding amount to asset retirement costs. The liability relates to the expected future obligation to dismantle, reclaim and dispose of these assets and was estimated using the present value of expected future cash flows, adjusted for inflation and discounted at EQM's credit-adjusted, risk-free rate. The AROs are recorded in regulatory and other long-term liabilities in the consolidated balance sheets.

The following table presents changes in EQM's AROs during 2019 and 2018.

	December 31,	
	2019	2018
	(Thousands)	
AROs at beginning of period	$ 11,935	$ 9,321
Liabilities incurred	—	231
Revisions to estimated liabilities [(a)]	(201)	1,928
Accretion expense	567	455
AROs at end of period	$ 12,301	$ 11,935

(a) Revisions to estimated liabilities reflect changes in retirement cost assumptions and to the estimated timing of liability settlement.

EQM is not legally or contractually obligated to restore or dismantle its transmission and storage systems and its gathering systems, other than the one aforementioned compressor station. EQM is legally required to operate and maintain these assets and intends to do so as long as supply and demand for natural gas exists, which EQM expects to continue into the foreseeable future. Therefore, EQM did not have any AROs related to its transmission and storage assets as of December 31, 2019 and 2018.

Contingencies: EQM is involved in various regulatory and legal proceedings that arise in the ordinary course of business. A liability is recorded when the loss is probable and the amount of loss can be reasonably estimated. EQM considers many factors when making such assessments, including historical knowledge and matter specifics. Estimates are developed through consultation with legal counsel and analysis of the potential results. See Note 16.

Regulatory Accounting: EQM's regulated operations consist of interstate pipeline, intrastate low-pressure gathering and storage operations subject to regulation by the FERC. Through the rate-setting process, rate regulation allows EQM to recover the costs of providing regulated services plus an allowed return on invested capital. Regulatory accounting allows EQM to defer expenses and income to its consolidated balance sheets as regulatory assets and liabilities when it is probable that those expenses and income will be allowed in the rate-setting process for a period other than the period that they would be reflected in a non-regulated entity's statements of consolidated operations. Regulatory assets and liabilities are recognized in EQM's statements of consolidated operations in the period that the underlying expenses and income are reflected in the rates charged to shippers and operators. EQM expects to continue to be subject to rate regulation that will provide for the recovery of deferred costs. See Note 14.

The following tables present the total regulated operating revenues and expenses and the regulated property, plant and equipment of EQM.

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
Operating revenues	$ 396,847	$ 393,911	$ 383,309
Operating expenses	$ 210,861	$ 140,832	$ 143,614

	December 31,	
	2019	2018
	(Thousands)	
Property, plant and equipment	$ 1,955,519	$ 1,900,411
Accumulated depreciation	(436,275)	(317,988)
Net property, plant and equipment	$ 1,519,244	$ 1,582,423

Revenue Recognition: See Note 4.

AFUDC: EQM capitalizes the carrying costs of financing the construction of certain long-lived, regulated assets. Such costs are amortized over the asset's estimated useful life and include interest costs (the debt component of AFUDC) and equity costs (the equity component of AFUDC). The debt component of AFUDC is recorded as a reduction to net interest expense in the statements of consolidated operations, and the equity component of AFUDC is recorded in other income in the statements of consolidated operations. The debt component of AFUDC for the years ended December 31, 2019, 2018 and 2017 was $1.4 million, $1.0 million and $0.8 million, respectively, and the equity component of AFUDC for the years ended December 31, 2019, 2018 and 2017 was $5.2 million, $5.6 million and $5.1 million, respectively.

Equity-Based Compensation: EQM awarded share-based compensation in connection with the Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan (the EQM LTIP). The EQM share-based awards are paid in EQM common units; as such, EQM treats the awards as equity awards. The awards are recorded at fair value based on the published market price on the grant date. See Note 11.

Net Income per Limited Partner Unit: See Note 13.

Income Taxes: For federal and state income tax purposes, all income, expenses, gains, losses and tax credits generated flow through to EQM's unitholders; accordingly, there is no provision for income taxes for EQM. Net income for financial statement purposes may differ significantly from taxable income of unitholders because of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under EQM's partnership agreement. The aggregate difference in the basis of EQM's net assets for financial and tax reporting purposes cannot be readily determined because information regarding each partner's tax attributes is not available to EQM.

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The standard requires entities to record assets and obligations for contracts currently recognized as operating leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. The update provides an optional transition method of adoption that permits entities to initially apply the standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Under the optional transition method, comparative financial information and disclosures are not required. The update also provides transition practical expedients. The standard requires disclosures of the nature, maturity and value of an entity's lease liabilities and elections taken by the entity. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842): Codification Improvements*, which, among other things, clarified interim disclosure requirements in the year of ASU 2016-02 adoption.

EQM adopted ASU 2016-02, ASU 2018-11 and ASU 2019-01 on January 1, 2019 using the optional transition method. EQM uses a lease accounting system to monitor its current population of lease contracts. EQM implemented processes and controls to review new lease contracts for appropriate accounting treatment in the context of the standards and to generate disclosures required under the standards. For the disclosures required by the standards, see Note 5.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments.* The standard 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 standard eliminates the probable initial recognition threshold in current GAAP, and, in its place, requires an entity to recognize 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 of the standard that have the contractual right to receive cash. In May 2019, the FASB issued ASU 2019-05, *Financial Instruments – Credit Losses (Topic 326).* The update provides entities with targeted transition relief that is intended to increase comparability of financial statement information for some entities that otherwise would have measured similar financial instruments using different measurement methodologies. In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses.* The update clarifies and addresses stakeholders' specific issues in ASU 2016-13. EQM adopted the standards on January 1, 2020, which was applicable to its outstanding accounts receivable and note receivable from EES.

Adoption of the standard is expected to result in a cumulative-effect adjustment to the opening balance of retained earnings of approximately $3 million to $4 million.

Additional disclosures will be required to describe the nature and amount of EQM's credit losses, including the significant assumptions and judgments required to value the losses, and the accounting policy elections taken. EQM implemented processes and controls to review the credit losses for appropriate accounting treatment in the context of the standard and to generate disclosures required under the standard, which EQM expects to disclose in its Quarterly Report on Form 10-Q for the first quarter of 2020.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement, Changes to the Disclosure Requirements for Fair Value Measurement*, which makes a number of changes to the hierarchy associated with Level 1, 2 and 3 fair value measurements and the related disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. EQM is currently evaluating the effect this standard will have on its disclosures but does not expect the adoption of this standard to have a material effect on the disclosures. The adoption of this standard is not expected to have an impact on EQM's financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other: Internal-Use Software*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. EQM early-adopted the standard using the prospective method of adoption on January 1, 2019.

Following the adoption of ASU 2018-15, EQM began capitalizing certain implementation costs related to cloud computing arrangements that are service contracts. The capitalized portion of these costs are included in the property, plant and equipment line on the consolidated balance sheets and will be amortized over the term of EQM's hosting arrangement. For the year ended December 31, 2019, EQM did not recognize any amortization expense related to implementation costs on its cloud computing arrangements as such assets were not in use. The costs will be included in the selling, general and administrative expense line on the accompanying statements of consolidated operations when recognized.

2. Acquisitions, Mergers and Divestitures

Bolt-on Acquisition

On March 13, 2019, EQM entered into a Purchase and Sale Agreement (the Purchase and Sale Agreement) with North Haven Infrastructure Partners II Buffalo Holdings, LLC (NHIP), an affiliate of Morgan Stanley Infrastructure Partners, pursuant to which EQM acquired from NHIP a 60% Class A interest in Eureka Midstream and a 100% interest in Hornet Midstream Holdings, LLC (Hornet Midstream) (collectively, the Bolt-on Acquisition) for total consideration of approximately $1.04 billion, composed of approximately $852 million in cash, net of purchase price adjustments, and approximately $192 million in assumed pro-rata debt. At the time of the acquisition, Eureka Midstream owned a 190-mile gathering header pipeline system in Ohio and West Virginia that services both dry Utica and wet Marcellus Shale production and Hornet Midstream owned a 15-mile, high-pressure gathering system in West Virginia that connects to the Eureka Midstream system. The Bolt-on Acquisition closed on April 10, 2019 and was funded through proceeds from the Private Placement of Series A Preferred Units that closed concurrently with the Bolt-on Acquisition. See Notes 1 and 6 for further information regarding the Private Placement.

At the closing of the Bolt-on Acquisition, a subsidiary of Hornet Midstream terminated all of its obligations under its term loan credit agreement and repaid the $28.2 million outstanding principal balance and $0.1 million in related interest and fees.

EQM recorded $17.0 million in acquisition-related expenses related to the Bolt-on Acquisition during the year ended December 31, 2019. The Bolt-on Acquisition acquisition-related expenses included $15.3 million for professional fees and $1.7 million for compensation arrangements for the year ended December 31, 2019, and are included in separation and other transaction costs in the statements of consolidated operations.

Allocation of Purchase Price. The Bolt-on Acquisition was accounted for as a business combination using the acquisition method. As a result of the acquisition, EQM recognized $99.7 million of goodwill, which was allocated to the Gathering segment. Such goodwill primarily related to additional commercial opportunities, a diversified producer customer mix, increased exposure to dry Utica and wet Marcellus acreage and operating leverage within the Gathering segment. The purchase price allocation and related adjustments were finalized during the fourth quarter of 2019. The following table summarizes the purchase price and allocation of the fair value of the assets acquired and liabilities assumed in the Bolt-on Acquisition as of April 10, 2019 by EQM, as well as certain measurement period adjustments made subsequent to EQM's initial valuation.

(in thousands)	Preliminary Purchase Price Allocation (As initially reported)	Measurement Period Adjustments[a]	Purchase Price Allocation (As adjusted)
Consideration given:			
Cash consideration[b]	$ 861,250	$ (11,404)	$ 849,846
Buyout of portion of Eureka Midstream Class B Units and incentive compensation	2,530	—	2,530
Total consideration	863,780	(11,404)	852,376
Fair value of liabilities assumed:			
Current liabilities	52,458	(9,857)	42,601
Long-term debt	300,825	—	300,825
Other long-term liabilities	10,203	—	10,203
Amount attributable to liabilities assumed	363,486	(9,857)	353,629
Fair value of assets acquired:			
Cash	15,145	—	15,145
Accounts receivable	16,817	—	16,817
Inventory	12,991	(26)	12,965
Other current assets	882	—	882
Net property, plant and equipment	1,222,284	(8,906)	1,213,378
Intangible assets [c]	317,000	(6,000)	311,000
Other assets	14,567	—	14,567
Amount attributable to assets acquired	1,599,686	(14,932)	1,584,754
Noncontrolling interests	(486,062)	7,602	(478,460)
Goodwill as of April 10, 2019	$ 113,642	$ (13,931)	$ 99,711
Impairment of goodwill [d]			(99,711)
Goodwill as of December 31, 2019			$ —

(a) EQM recorded measurement period adjustments to its preliminary acquisition date fair values due to the refinement of its valuation models, assumptions and inputs. The measurement period adjustments were based upon information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the measurement of the amounts recognized at that date.

(b) The cash consideration for the Bolt-on Acquisition was adjusted by approximately $11.4 million related to working capital adjustments and the release of all escrowed indemnification funds to EQM.

(c) After considering the refinements to the valuation models, EQM estimated the fair value of the customer-related intangible assets acquired as part of the Bolt-on Acquisition to be $311.0 million. As a result, the fair value of the customer-related intangible assets was decreased by $6.0 million on September 30, 2019 with a corresponding increase to goodwill. In addition, the change to the provisional amount resulted in a decrease in amortization expense and accumulated amortization of approximately $0.4 million.

(d) During the third quarter of 2019, EQM identified impairment indicators that suggested the fair value of its goodwill was more likely than not below its carrying amount. As such, EQM performed an interim goodwill impairment assessment, which resulted in EQM recognizing impairment to goodwill of approximately $261.3 million, of which $99.7 million was associated with its Eureka/Hornet reporting unit bringing the reporting unit's goodwill balance to zero. See Note 3 for further detail.

The estimated fair value of midstream facilities and equipment, generally consisting of pipeline systems and compression stations, was estimated using the cost approach. Significant unobservable inputs in the estimate of fair value under this approach included management's assumptions about the replacement costs for similar assets, the relative age of the acquired assets and any potential economic or functional obsolescence associated with the acquired assets. As a result, the estimated fair value of the midstream facilities and equipment represented a Level 3 fair value measurement.

As a result of the acquisition, the noncontrolling interest in Eureka Midstream was estimated to be $478.5 million. The fair value of the noncontrolling interest was calculated based on the enterprise value of Eureka Midstream and the percentage ownership not acquired by EQM. Significant unobservable inputs in the enterprise value of Eureka Midstream include future

revenue estimates and future cost assumptions. As a result, the fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement.

As part of the preliminary purchase price allocation, EQM identified intangible assets for customer relationships with third-party customers. The fair value of the customer relationships with third-party customers was determined using the income approach, which requires a forecast of the expected future cash flows generated and an estimated market-based weighted average cost of capital. Significant unobservable inputs in the determination of fair value include future revenue estimates, which contemplates among other things estimates of natural gas volumes to be gathered in the future and a weighted average cost of capital, future cost assumptions and estimated customer retention rates. As a result, the estimated fair value of the identified intangible assets represents a Level 3 fair value measurement. EQM calculates amortization of intangible assets using the straight-line method over the estimated useful life of the intangible assets which is 20 years for the Eureka Midstream-related intangible assets. As discussed in Note 3, during the third quarter of 2019, as a result of the recoverability test, EQM estimated the fair value of the Hornet Midstream-related intangible assets and determined that the fair value was not in excess of the assets' carrying value, which resulted in an impairment charge of approximately $36.4 million related to certain of such intangible assets within EQM's Gathering segment. As a result of the reduction in expected future cash flows, the useful life of the Hornet Midstream-related intangible assets was prospectively changed to 7.25 years as of October 1, 2019, over which EQM calculates amortization using the straight-line method. After the impact of the impairment and the decrease in the useful life of the Hornet Midstream-related intangible assets, the expected annual amortization expense increased by $1.0 million. Amortization expense recorded in the statements of consolidated operations for the year ended December 31, 2019 was $11.7 million. The estimated annual amortization expense for each of the successive five years is approximately $16.8 million.

Intangible assets, net as of December 31, 2019, are detailed below.

(in thousands)	**As of December 31, 2019**
Intangible assets	$ 311,000
Less: impairment of Hornet Midstream-related intangible assets [(a)]	36,405
Less: accumulated amortization	11,711
Intangible assets, net	$ 262,884

(a) See Note 3 for disclosure regarding impairments of long-lived assets.

Post-Acquisition Operating Results. Subsequent to the completion of the Bolt-on Acquisition, Eureka Midstream and Hornet Midstream collectively contributed the following to both the Gathering segment and EQM's consolidated operating results for the period from April 10, 2019 through December 31, 2019.

(in thousands)	**April 10, 2019 through December 31, 2019**
Operating revenues	$ 97,123
Operating loss attributable to EQM	$ (94,551)
Net loss attributable to noncontrolling interests	$ (21,291)
Net loss attributable to EQM	$ (80,631)

Unaudited Pro Forma Information. The following unaudited pro forma combined financial information presents EQM's results as though the EQM IDR Transaction and Bolt-on Acquisition had been completed at January 1, 2017. The pro forma combined financial information has been included for comparative purposes and is not necessarily indicative of the results that might have actually occurred had the EQM IDR Transaction and Bolt-on Acquisition taken place on January 1, 2017; furthermore, the financial information is not intended to be a projection of future results.

	Years ended December 31,		
(in thousands, except per unit data)	**2019**	**2018**	**2017**
Pro forma operating revenues	$ 1,661,822	$ 1,616,821	$ 987,735
Pro forma net income	$ 190,234	$ 709,067	$ 626,854
Pro forma net (loss) income attributable to noncontrolling interests	$ (18,074)	$ 19,746	$ 8,346
Pro forma net income attributable to EQM	$ 208,308	$ 689,321	$ 618,508
Pro forma income per limited partner common unit (basic)	$ 0.53	$ 2.93	$ 2.58
Pro forma income per limited partner common unit (diluted)	$ 0.51	$ 2.83	$ 2.49

Shared Assets Transaction

On March 31, 2019, EQM entered into an Assignment and Bill of Sale (the Assignment and Bill of Sale) with Equitrans Midstream pursuant to which EQM acquired certain assets and assumed certain leases that primarily support EQM's operations for an aggregate cash purchase price of $49.7 million (the initial purchase price), which reflected the net book value of in-service assets and expenditures made for assets not yet in-service (collectively, and inclusive of the additional assets subsequently acquired as described in the following sentences, the Shared Assets Transaction). Further, pursuant to the Assignment and Bill of Sale, EQM acquired, effective on the first day of the second quarter of 2019, certain additional assets from Equitrans Midstream for $8.9 million in cash consideration, reflecting the net book value of in-service assets and expenditures made in respect of assets not yet in-service as of June 30, 2019, which subsequent purchase price was subject to certain adjustments. Additionally, pursuant to the Assignment and Bill of Sale, EQM acquired, effective on the first day of the third and fourth quarters of 2019, additional assets from Equitrans Midstream for a *de minimus* dollar amount reflecting the net book value of such assets as of September 30, 2019 and December 31, 2019, respectively. The initial and subsequent purchase prices were funded utilizing EQM's $3 Billion Facility (defined in Note 12). Prior to the Shared Assets Transaction, EQM made quarterly payments to Equitrans Midstream based on fees allocated from Equitrans Midstream for use of in-service assets transferred to EQM in the Shared Assets Transaction. In connection with the entry into the Assignment and Bill of Sale, that certain omnibus agreement (Equitrans Midstream Omnibus Agreement) among Equitrans Midstream, EQM and the EQM General Partner (as successor to the former EQM general partner) was amended and restated in order to, among other things, govern Equitrans Midstream's use of the acquired assets following their conveyance to EQM and provide for reimbursement of EQM by Equitrans Midstream for expenses incurred by EQM in connection with such use.

EQM-RMP Merger

On April 25, 2018, EQM entered into an Agreement and Plan of Merger (the Merger Agreement) with RMP, Rice Midstream Management LLC, the general partner of RMP (the RMP General Partner), EQM's general partner, EQM Acquisition Sub, LLC, a wholly owned subsidiary of EQM (Merger Sub), EQM GP Acquisition Sub, LLC, a wholly owned subsidiary of EQM (GP Merger Sub), and, solely for certain limited purposes set forth therein, EQT. Pursuant to the Merger Agreement, on July 23, 2018, Merger Sub and GP Merger Sub merged with and into RMP and the RMP General Partner, respectively, with RMP and the RMP General Partner surviving as wholly owned subsidiaries of EQM. Pursuant to the Merger Agreement, each RMP common unit issued and outstanding immediately prior to the effective time of the EQM-RMP Merger was converted into the right to receive 0.3319 EQM common units (the Merger Consideration), the issued and outstanding IDRs of RMP were canceled and each outstanding award of phantom units in respect of RMP common units fully vested and converted into the right to receive the Merger Consideration, less applicable tax withholding, in respect of each RMP common unit subject thereto. The aggregate Merger Consideration consisted of 33,975,777 EQM common units of which 9,544,530 EQM common units were received by an indirect wholly owned subsidiary of Equitrans Midstream (which, at the time of the EQM-RMP Merger, was a wholly-owned subsidiary of EQT). As a result of the EQM-RMP Merger, RMP's common units are no longer publicly traded.

Drop-Down Transaction

On April 25, 2018, EQT, Rice Midstream Holdings LLC (Rice Midstream Holdings), a wholly owned subsidiary of EQT, EQM and EQM Gathering Holdings, LLC (EQM Gathering), a wholly owned subsidiary of EQM, entered into a Contribution and Sale Agreement pursuant to which EQM Gathering acquired from EQT all of EQT's interests in EQM Olympus, Strike Force and EQM WV in exchange for an aggregate of 5,889,282 EQM common units and aggregate cash consideration of approximately $1.15 billion. EQM Olympus owns a natural gas gathering system that gathers gas from wells located primarily in Belmont County, Ohio. Strike Force, at the time of the acquisition, owned a 75% limited liability company interest in Strike Force Midstream LLC (Strike Force Midstream), which gathers gas from wells located primarily in Belmont and Monroe Counties, Ohio. The Drop-Down Transaction closed on May 22, 2018 with an effective date of May 1, 2018.

As a result of the recast associated with the EQM-RMP Merger and the Drop-Down Transaction, EQM recognized approximately $1,384.9 million of goodwill, all of which was allocated to two reporting units within the Gathering segment. The goodwill value was based on a valuation performed by EQT as of November 13, 2017 with regard to the Rice Merger. EQT recorded goodwill as the excess of the estimated enterprise value of RMP, EQM Olympus, Strike Force and EQM WV over the sum of the fair value amounts allocated to the assets and liabilities of RMP, EQM Olympus, Strike Force and EQM WV. Goodwill was attributed to additional perceived growth opportunities, synergies and operating leverage within the Gathering segment. Prior to the Drop-Down Transaction, EQM had no goodwill.

The following table summarizes the allocation of the fair value of the assets and liabilities of RMP, EQM Olympus, Strike Force and EQM WV as of November 13, 2017 through pushdown accounting from EQT, as well as certain measurement period adjustments made subsequent to EQT's initial valuation.

	Goodwill and Purchase Price Allocation
	(Thousands)
Estimated fair value of RMP, EQM Olympus, Strike Force and EQM WV [a]	$ 4,014,984
Estimated Fair Value of Assets Acquired and Liabilities Assumed:	
Current assets [b]	132,459
Intangible assets [c]	623,200
Property and equipment, net [d]	2,265,900
Other non-current assets	118
Current liabilities [b]	(117,124)
RMP $850 Million Facility (defined in Note 12) [e]	(266,000)
Other non-current liabilities [e]	(9,323)
Total estimated fair value of assets acquired and liabilities assumed	2,629,230
Goodwill as of November 13, 2017[f]	1,385,754
Impairment of goodwill [g]	261,941
Goodwill as of December 31, 2018	1,123,813
Impairment of goodwill [g]	637,115
Goodwill as of December 31, 2019	$ 486,698

(a) Includes the estimated fair value attributable to noncontrolling interest in Strike Force of $166 million.

(b) The fair value of current assets and current liabilities was assumed by EQT to approximate their carrying values.

(c) The identifiable intangible assets for customer relationships were estimated by EQT by applying a discounted cash flow approach which was adjusted for customer attrition assumptions and projected market conditions.

(d) The estimated fair value of long-lived property and equipment were determined by EQT utilizing estimated replacement cost adjusted for a usage or obsolescence factor.

(e) The estimated fair value of long-term liabilities was determined by EQT utilizing observable market inputs where available or estimated based on their then-current carrying values.

(f) Reflected the value of perceived growth opportunities, synergies and operating leverage anticipated through the acquisitions and ownership of the acquired gathering assets as of November 13, 2017.

(g) See Note 3 for further detail.

Unaudited Pro Forma Information. The following unaudited pro forma financial information presents EQM's results as though the Rice Merger had been completed at January 1, 2017. The pro forma financial information has been included for comparative purposes and is not necessarily indicative of the results that might have actually occurred had the Rice Merger taken place on January 1, 2017; furthermore, the financial information is not intended to be a projection of future results.

	Year Ended December 31, 2017
(in thousands)	
Pro forma operating revenues	$ 1,264,704
Pro forma net income	781,273
Pro forma net income attributable to noncontrolling interests	8,144
Pro forma net income attributable to EQM	773,129

The Gulfport Transaction

On May 1, 2018, pursuant to the Purchase and Sale Agreement dated April 25, 2018, by and among EQM, EQM Gathering, Gulfport Energy Corporation (Gulfport) and an affiliate of Gulfport, EQM Gathering acquired the remaining 25% limited liability company interest in Strike Force Midstream not owned by Strike Force in exchange for $175 million (the Gulfport Transaction). As a result, EQM indirectly owned 100% of Strike Force Midstream effective as of May 1, 2018.

RMP and the entities part of the Drop-Down Transaction were businesses and the related acquisitions were transactions 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 respective transactions. 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. This portion

of the consideration was recorded in financing activities in the statements of consolidated cash flows. EQM recast its consolidated financial statements to retrospectively reflect the EQM-RMP Merger and the Drop-Down Transaction for the periods the acquired businesses were under the common control of EQT; however, the consolidated financial statements are not necessarily indicative of the results of operations that would have occurred if EQM had owned the acquired businesses during the periods reported.

Divestitures

As discussed in Note 3, EQM incurred an $81.0 million impairment charge during the second quarter of 2019 associated with certain FERC-rate regulated low-pressure gathering pipelines. On August 14, 2019, Equitrans, L.P., a subsidiary of EQM, entered into a Purchase and Sale Agreement with Diversified Gas & Oil Corporation for the sale of its Copley gathering system (including approximately 530 miles of low-pressure gathering pipelines, four compressor stations and related assets) for a purchase price of $1,000, subject to certain post-closing adjustments and FERC approval. The initial transaction closed on September 26, 2019 in respect of non-certificated gathering assets comprising a portion of the Copley gathering system. During the fourth quarter of 2019, the second transaction closed following FERC approval of the abandonment of the certificated assets.

3. Impairments of Long-Lived Assets

Impairment of goodwill

During the third quarter of 2019, EQM identified impairment indicators in the form of significant declines in the unit price of EQM's common units and corresponding market capitalization, primarily as a result of continued suppressed natural gas prices and decreased producer drilling activity. Management considered these price effects and activity declines as indicators that the fair value of goodwill was more likely than not below the Reporting Units' carrying amounts. As such, the performance of an interim goodwill impairment assessment was required.

In estimating the fair value of each of the Reporting Units, EQM used a combination of the income approach and the market approach. EQM used the income approach’s discounted cash flow method, which applies significant inputs not observable in the public market (Level 3), including estimates and assumptions related to the use of an appropriate discount rate, future throughput volumes, operating costs, capital spending and changes in working capital. EQM used the market approach’s comparable company method and reference transaction method. The comparable company method evaluates the value of a company using metrics of other businesses of similar size and industry. The reference transaction method evaluates the value of a company based on pricing multiples derived from similar transactions entered into by similar companies.

During the third quarter of 2019, EQM determined that the fair value of Rice Retained Midstream was greater than its carrying value; however, the carrying values of RMP PA Gas Gathering and Eureka/Hornet were each greater than their respective fair values. As a result, EQM recognized impairment of goodwill of $161.6 million and $99.7 million on RMP PA Gas Gathering and Eureka/Hornet, respectively. The non-cash impairment charge is included in the impairments of long-lived assets line on EQM's statements of consolidated operations.

During the fourth quarter of 2019, as of the date of EQM’s annual goodwill impairment assessment, EQM concluded the performance of a quantitative impairment assessment was required. Factors contributing to this conclusion were the continued decline of EQM's market capitalization in the fourth quarter and the sustained declines in producer drilling activity driven by market conditions, including natural gas pricing.

Consistent with the third quarter 2019 interim goodwill impairment assessment, EQM used the income approach’s discounted cash flow method and the market approach’s comparable company and reference transaction methods. During EQM’s fourth quarter 2019 impairment assessment, EQM determined that the carrying values of RMP PA Gas Gathering and Rice Retained Midstream were each greater than their respective fair values. As a result, EQM recognized impairment of goodwill of $436.7 million and $38.8 million on RMP PA Gas Gathering and Rice Retained Midstream, respectively. The non-cash impairment charge is included in the impairments of long-lived assets line on EQM's statements of consolidated operations. As of December 31, 2019, EQM’s goodwill balance was $486.7 million, which was associated entirely with RMP PA Gas Gathering. The RMP PA Gas Gathering reporting unit is susceptible to impairment risk from further adverse future market or economic conditions and company-specific qualitative factors or other adverse factors such as unexpected future production curtailments by EQM's customers that have contracts with volumetric-based fees. Any such adverse changes in the future could reduce the underlying cash flows used to estimate fair value and could result in a decline in fair value that could trigger future impairment charges relating to the RMP Gas Gathering reporting unit.

Following the third quarter of 2018 and prior to the Separation, EQM identified impairment indicators in the form of production curtailments announced by a primary customer of the Rice Retained Midstream and RMP PA Gas Gathering reporting units that could reduce volumetric-based fee revenues of those Reporting Units. In estimating the fair value of its

Reporting Units, EQM used a combination of the income approach and the market approach. EQM used the income approach's discounted cash flow method. EQM used the market approach's comparable company and reference transaction methods.

For the year ended December 31, 2018, EQM determined that the fair value of the Rice Retained Midstream reporting unit was greater than its carrying value; however, the carrying value of the RMP PA Gas Gathering reporting unit exceeded its fair value. As a result, EQM recognized impairment of goodwill of approximately $261.9 million to the RMP PA Gas Gathering reporting unit. As of December 31, 2018, EQM's goodwill balance was reduced to approximately $1.1 billion.

The following table summarizes the carrying amount of goodwill associated with EQM's reporting units for the years ended December 31, 2019 and 2018.

	RMP PA Gas Gathering	Rice Retained Midstream	Eureka/Hornet	Total
	(Thousands)			
Goodwill as of January 1, 2018	$ 1,346,918	$ 37,954	$ —	$ 1,384,872
Add: measurement period adjustments	—	882	—	882
Less: impairment of goodwill	(261,941)	—	—	(261,941)
Goodwill as of December 31, 2018	1,084,977	38,836	—	1,123,813
Add: goodwill associated with Bolt-on Acquisition	—	—	99,711	99,711
Less: impairment of goodwill	(598,279)	(38,836)	(99,711)	(736,826)
Goodwill as of December 31, 2019	$ 486,698	$ —	$ —	$ 486,698

Impairment of long-lived assets, including intangible assets

During the third quarter of 2019, EQM performed a recoverability test due to the triggering events described in the 2019 interim goodwill impairment summary above. As a result of the recoverability test, management determined that the carrying value of certain long-lived assets associated with Eureka/Hornet were not recoverable. The assets deemed not recoverable were customer-related intangible assets associated with Hornet Midstream, an asset group within Eureka/Hornet, that was acquired as part of the Bolt-on Acquisition. EQM estimated the fair value of the Hornet Midstream-related intangible assets and determined that the fair value was not in excess of the assets' carrying value, which resulted in an impairment charge of approximately $36.4 million related to certain of such intangible assets within EQM's Gathering segment. The non-cash impairment charge is included in the impairments of long-lived assets line on the statements of consolidated operations for the year ended December 31, 2019. During the fourth quarter of 2019, a triggering event occurred as a result of EQM's annual goodwill impairment evaluation, which required EQM to perform a recoverability test on its long-lived assets. No impairment to long-lived assets was recorded as a result of the recoverability test.

During 2019, EQM reassessed its asset groupings for its regulated pipelines due to certain regulatory ratemaking policy changes affecting the regulated pipelines, changes in strategic focus and plans for segmentation of operations. Prior to the second quarter of 2019, EQM defined its regulated asset grouping to include the FERC-regulated transmission and storage assets, integrated with the low-pressure assets due to overlapping operations, shared costs structure and similar ratemaking structures. During the second quarter, Equitrans L.P. reached a settlement related to its FERC Form 501-G report, which was focused solely on EQM's FERC-regulated transmission and storage assets. Further, management increased its operational focus and emphasis on high-pressure gathering assets as illustrated by the consummation of the Bolt-on Acquisition. As a result of these regulatory changes and shift in operational focus, beginning with the second quarter of 2019, EQM groups its FERC-regulated assets in two asset groupings: FERC-regulated transmission and storage assets and FERC-regulated low-pressure gathering assets. Upon the change in asset grouping, management evaluated whether any indicators of impairment were present and in conjunction with the evaluation, EQM determined that the carrying values for the non-core FERC-regulated low-pressure gathering assets exceeded their undiscounted cash flows. Additionally, following the settlement related to the FERC Form 501-G report, management does not currently plan to seek to recover the deficient cash flows through a future rate proceeding. EQM therefore estimated the fair values of FERC-related low-pressure gathering assets and determined that their fair values were not in excess of the assets' carrying values, which resulted in recognized impairments of property and equipment of approximately $81.0 million related to the assets within EQM's Gathering segment. As a result of the impairment, the assets carry no book value. The non-cash impairment charge is included in the impairments of long-lived assets line on EQM's statements of consolidated operations for the year ended December 31, 2019. See Note 2 for a discussion on the divestiture of certain of EQM's low-pressure gathering assets.

During the fourth quarter of 2018, a triggering event occurred as a result of EQM's annual goodwill impairment evaluation, which required EQM to perform a recoverability test on its long-lived assets. No impairment was recorded as a result of the recoverability test. No impairment of any long-lived assets was recorded during the year ended December 31, 2018.

In connection with the execution of the EQT Global GGA (discussed in Note 19), management will reevaluate EQM's reporting units.

4. Revenue from Contracts with Customers

For the years ended December 31, 2019, 2018 and 2017, all revenues recognized on EQM's statements of consolidated operations are from contracts with customers. As of December 31, 2019 and 2018, all receivables recorded on EQM's consolidated balance sheets represent performance obligations that have been satisfied and for which an unconditional right to consideration exists.

Gathering, Transmission and Storage Service Contracts. EQM provides gathering, transmission and storage services in two manners: firm service and interruptible service. Firm service is provided under firm contracts, which are contracts for gathering, transmission or storage services that generally obligate the customer to pay a fixed, monthly charge to reserve an agreed upon amount of pipeline or storage capacity regardless of the capacity used by the customer during each month. Volumetric-based fees can also be charged under firm contracts for each firm volume transported, gathered or stored as well as for volumes transported, gathered or stored in excess of the firm contracted volume. Interruptible service contracts include volumetric-based fees, which are charges for the volume of gas gathered, transported or stored and generally do not guarantee access to the pipeline or storage facility. These contracts can be short or long-term. Firm and interruptible transmission and storage service contracts are billed at the end of each calendar month, with payment typically due within 21 days. Firm and interruptible gathering contracts are billed on a one-month lag, with payment typically due within 21 days. Revenue related to gathering services provided but not yet billed is estimated each month. These estimates are generally based on contract data, preliminary throughput and allocation measurements.

Under a firm contract, EQM has a stand-ready obligation to provide the service over the life of the contract. The performance obligation for firm reservation fee revenue is satisfied over time as the pipeline capacity is made available to the customer. As such, EQM recognizes firm reservation fee revenue evenly over the contract period, using a time-elapsed output method to measure progress. The performance obligation for volumetric-based fee revenue is generally satisfied upon EQM's monthly billing to the customer for volumes gathered, transported or stored during the month. The amount billed corresponds directly to the value of EQM's performance to date as the customer obtains value as each volume is gathered, transported or stored.

Water Service Contracts. Water service revenues represent fees charged by EQM for the delivery of fresh water to a customer at a specified delivery point and for the collection and recycling or disposal of flowback and produced water. EQM’s water service revenues are generated under firm service and interruptible service contracts, which primarily utilize variable prices per volume delivered. Firm service is provided under firm contracts, which provides water services to customers with priority. Interruptible service contracts generally do not guarantee access to the water facilities. For fresh water service contracts, the only performance obligation in each contract is for EQM to provide water (usually a minimum daily volume of water) to the customer at a designated delivery point. For flowback and produced water, the performance obligation is collection and disposition of the water, which typically occur within the same day. Water service contracts are billed on a monthly basis, with payment typically due within 30 days.

For all contracts, EQM allocates the transaction price to each performance obligation based on the judgmentally determined relative standalone selling price. When applicable, the excess of consideration received over revenue recognized results in the deferral of those amounts until future periods based on a units of production or straight-line methodology as these methods appropriately match the consumption of services provided to the customer. The units of production methodology requires the use of production estimates that are uncertain and the use of judgment when developing estimates of future production volumes, thus impacting the rate of revenue recognition. Production estimates are monitored as circumstances and events warrant.

Certain of EQM's gas gathering and water services agreements are structured with minimum volume commitments (MVCs), which specify minimum quantities for which a customer will be charged regardless of quantities gathered or delivered under the contract. Revenue is recognized for MVCs when the performance obligation has been met, which is the earlier of when the gas is gathered or water provided, or when it is remote that the producer will be able to meet its MVC. If a customer under such an agreement fails to meet its MVC for a specified period (thus not exercising all the contractual rights to gathering and water services within the specified period, herein referred to as “breakage”), it is obligated to pay a contractually determined fee based upon the shortfall between the actual gathered or water volumes and the MVC for the period contained in the contract.

Summary of Disaggregated Revenues. The tables below provide disaggregated revenue information by business segment.

	Year Ended December 31, 2019			
	Gathering	Transmission	Water	Total
	(Thousands)			
Firm reservation fee revenues	$ 581,118	$ 356,569	$ —	$ 937,687
Volumetric-based fee revenues	578,813	33,951	—	612,764
Water service revenues	—	—	79,791	79,791
Total operating revenues	$ 1,159,931	$ 390,520	$ 79,791	$ 1,630,242

	Year Ended December 31, 2018			
	Gathering	Transmission	Water	Total
	(Thousands)			
Firm reservation fee revenues	$ 447,360	$ 356,725	$ —	$ 804,085
Volumetric-based fee revenues	549,710	30,076	—	579,786
Water service revenues	—	—	111,227	111,227
Total operating revenues	$ 997,070	$ 386,801	$ 111,227	$ 1,495,098

	Year Ended December 31, 2017			
	Gathering	Transmission	Water	Total
	(Thousands)			
Firm reservation fee revenues	$ 407,355	$ 348,193	$ —	$ 755,548
Volumetric-based fee revenues	102,612	23,793	—	126,405
Water service revenues	—	—	13,605	13,605
Total operating revenues	$ 509,967	$ 371,986	$ 13,605	$ 895,558

Summary of Remaining Performance Obligations. The following table summarizes the transaction price allocated to EQM's remaining performance obligations under all contracts with firm reservation fees and MVCs as of December 31, 2019.

	2020	2021	2022	2023	2024	Thereafter	Total
	(Thousands)						
Gathering firm reservation fees	$ 517,406	$ 590,056	$ 592,324	$ 590,342	$ 552,598	$ 1,576,827	$ 4,419,553
Gathering revenues supported by MVCs	133,969	153,065	153,065	152,242	145,930	463,086	1,201,357
Transmission firm reservation fees	354,363	375,020	370,273	332,404	273,257	2,489,864	4,195,181
Water revenues supported by MVCs	35,536	2,000	2,000	—	—	—	39,536
Total	$ 1,041,274	$ 1,120,141	$ 1,117,662	$ 1,074,988	$ 971,785	$ 4,529,777	$ 9,855,627

Based on total projected contractual revenues, including projected contractual revenues from future capacity expected from expansion projects that are not yet fully constructed for which EQM has executed firm contracts, EQM's firm gathering contracts and firm transmission and storage contracts had weighted average remaining terms of approximately 11 years and 14 years, respectively, as of December 31, 2019.

See also Note 19 for a discussion of the “EQT Global GGA,” “Water Services Letter Agreement” and the “Credit Letter Agreement” with EQT.

5. Leases

As discussed in Note 1, EQM adopted ASU 2016-02, ASU 2018-11 and ASU 2019-01 on January 1, 2019 (the Adoption Date) using the optional transition method of adoption.

EQM elected a package of practical expedients that allows an entity to not reassess (i) whether a contract is or contains a lease, (ii) lease classification and (iii) initial direct costs. In addition, EQM elected the following practical expedients: (i) to not reassess certain land easements, (ii) to not apply the recognition requirements under the standard to short-term leases and (iii) to combine and account for lease and nonlease contract components as a lease, which requires the capitalization of fixed nonlease payments on the Adoption Date or lease effective date and the recognition of variable nonlease payments as variable lease expense. Nonlease payments include payments for property taxes and other operating and maintenance expenses incurred by the lessor but payable by EQM in connection with the leasing arrangement.

On the Adoption Date, EQM recorded on its consolidated balance sheets an operating lease right-of-use asset and a corresponding operating lease liability of $2.3 million, reflecting the present value of future lease payments on EQM's facility and compressor lease contracts. The discount rate used to determine present value, referred to as the incremental borrowing rate, was based on the rate of interest that EQM estimated it would have to pay to borrow (on a collateralized-basis over a similar term) an amount equal to the lease payments in a similar economic environment as of the Adoption Date. EQM is required to reassess the incremental borrowing rate for any new and modified lease contracts as of the contract effective date. Adoption of the standard did not require an adjustment to the opening balance of retained earnings. As of the Adoption Date and December 31, 2019, EQM had no lease contracts classified as financing leases and was neither a lessor nor party to a subleasing arrangement.

In connection with the Shared Assets Transaction, on March 31, 2019, Equitrans Midstream assigned to EQM two lease agreements that support EQM operations (the Shared Leases Assignment), one of which provides rights to a facility and the other to a compressor station. As a result of the Shared Leases Assignment, EQM recorded $33.0 million of right-of-use assets and corresponding operating lease liabilities.

In addition, in connection with the Bolt-on Acquisition, EQM acquired 10 compressor leases and one facility lease for which it recorded approximately $4.7 million in operating lease expenses during the year ended December 31, 2019. As of the date of acquisition, EQM recorded operating lease right-of-use assets and a corresponding operating lease liability of approximately $20.0 million for these acquired leases.

The following table summarizes operating lease cost for the year ended December 31, 2019.

	Year Ended December 31, 2019
	(Thousands)
Operating lease cost	$ 10,312
Short-term lease cost	4,560
Variable lease cost	166
Total lease cost	$ 15,038

Operating lease expense related to EQM's compressor lease contracts and facility lease contracts is reported in operating and maintenance expense and selling, general and administrative expense, respectively, on EQM's statements of consolidated operations.

For the year ended December 31, 2019, cash paid for operating lease liabilities was $9.1 million, which was reported in cash flows provided by operating activities on EQM's statements of consolidated cash flows.

The operating lease right-of-use assets are reported in other assets and the current and noncurrent portions of the operating lease liabilities are reported in accrued liabilities and regulatory and other long-term liabilities, respectively, on the consolidated balance sheets. As of December 31, 2019, the operating lease right-of-use assets were $51.1 million and operating lease liabilities were $51.7 million, of which $10.2 million was classified as current. As of December 31, 2019, the weighted average remaining lease term was 8 years and the weighted average discount rate was 5.5%.

Schedule of Operating Lease Liability Maturities. The following table summarizes undiscounted cash flows owed by EQM to lessors pursuant to contractual agreements in effect as of December 31, 2019 and related imputed interest. The majority of EQM's lease agreements have multiple renewal periods at EQM's option; however, because none of the renewal periods are reasonably assured to be exercised, the associated operating lease payments have not been included in the table below.

	December 31, 2019
	(Thousands)
2020	$ 12,504
2021	10,249
2022	7,974
2023	5,607
2024	3,966
Thereafter	24,728
Total	65,028
Less: imputed interest	13,279
Present value of operating lease liability	$ 51,749

6. Equity

The following table summarizes changes in EQM's Series A Preferred Units, common units and Class B units, each representing limited partner interests in EQM, and general partner units during the three years ended December 31, 2019, 2018 and 2017.

	Limited Partner Interests				
	Series A Preferred Units	Common Units	Class B Units	General Partner Units	Total
Balance at January 1, 2017	—	80,581,758	—	1,443,015	82,024,773
Balance at December 31, 2017 [a]	—	80,581,758	—	1,443,015	82,024,773
Common units issued [b]	—	10,821	—	—	10,821
Drop-Down Transaction consideration	—	5,889,282	—	—	5,889,282
Common units issued in the EQM-RMP Merger	—	33,975,777	—	—	33,975,777
Balance at December 31, 2018	—	120,457,638	—	1,443,015	121,900,653
Unit cancellation	—	(8)	—	—	(8)
EQM IDR Transaction [c]	—	80,000,000	7,000,000	(1,443,015)	85,556,985
Issuance of Series A Preferred Units	24,605,291	—	—	—	24,605,291
Balance at December 31, 2019	24,605,291	200,457,630	7,000,000	—	232,062,921

(a) There were no changes in common units or general partner units in 2017.

(b) Units issued upon the resignation of a member of the Board of Directors of EQM's general partner.

(c) In exchange for the cancellation of the EQM IDRs, EQM issued 87,000,000 EQM common units (the Exchange Consideration) to the former EQM general partner. At the effective time of the EQM IDR Merger, (i) the Exchange Consideration held by the former EQM general partner was canceled, (ii) 80,000,000 EQM common units and 7,000,000 Class B units were issued on a pro rata basis to certain affiliates of Equitrans Midstream, and (iii) 21,811,643 EQM common units held by EQGP were canceled and 21,811,643 EQM common units were issued pro rata to certain other affiliates of Equitrans Midstream.

As of December 31, 2019, Equitrans Gathering Holdings, LLC (Equitrans Gathering Holdings), EQM GP Corporation (EQM GP Corp) and Equitrans Midstream Holdings, LLC (EMH), each a wholly-owned subsidiary of Equitrans Midstream, held 89,505,616, 89,536 and 27,650,303 EQM common units, respectively. Additionally, Equitrans Gathering Holdings, EQM GP Corp and EMH held 6,153,907, 6,155 and 839,938 Class B units, respectively. As of December 31, 2019, Equitrans Midstream owned, directly or indirectly, 117,245,455 EQM common units and 7,000,000 Class B units (collectively representing a 59.9% limited partner interest in EQM, excluding the Series A Preferred Units) and the entire non-economic general partner interest in EQM, while the public owned a 40.1% limited partner interest in EQM.

Class B Units

As discussed above and in Note 1, in February 2019, EQM issued 7,000,000 Class B units representing a new class of limited partner interests in EQM as partial consideration for the EQM IDR Transaction. The Class B units are substantially similar in all respects to EQM's common units, except that the Class B units are not entitled to receive distributions of available cash until the applicable Class B unit conversion date (or, if earlier, a change of control). The Class B units are divided into three tranches, with the first tranche of 2,500,000 Class B units becoming convertible at the holder's option into EQM common units on April 1, 2021, the second tranche of 2,500,000 Class B units becoming convertible at the holder's option into EQM common units on April 1, 2022, and the third tranche of 2,000,000 Class B units becoming convertible at the holder's option into EQM common units on April 1, 2023 (each, a Class B unit conversion date). Additionally, the Class B units will become convertible at the holder's option into EQM common units immediately before a change of control of EQM. After the applicable Class B unit conversion date (or, if earlier, a change of control), whether or not such Class B units have been converted into EQM common units, the Class B units will participate pro rata with the EQM common units in distributions of available cash.

The holders of Class B units vote together with the holders of EQM common units as a single class, except that Class B units owned by the general partner of EQM and its affiliates are excluded from voting if EQM common units owned by such parties are excluded from voting. Holders of Class B units are entitled to vote as a separate class on any matter that adversely affects the rights or preferences of the Class B units in relation to other classes of EQM partnership interests in any material respect or as required by law.

Series A Preferred Units

As discussed in Note 1, in March 2019, EQM entered into the Preferred Unit Purchase Agreement with certain investors to issue and sell in the Private Placement an aggregate of 24,605,291 Series A Preferred Units representing limited partner interests in EQM for a cash purchase price of $48.77 per Series A Preferred Unit, resulting in total gross proceeds of approximately $1.2 billion. The net proceeds from the Private Placement were used in part to fund the purchase price in the Bolt-on Acquisition and to pay certain fees and expenses related to the Bolt-on Acquisition, and the remainder was used for general partnership purposes. The Private Placement closed concurrently with the closing of the Bolt-on Acquisition on April 10, 2019.

The Series A Preferred Units rank senior to all EQM common units and Class B units representing limited partner interests in EQM with respect to distribution rights and rights upon liquidation. The Series A Preferred Units vote on an as-converted basis with the EQM common units and Class B units and have certain other class voting rights with respect to any amendment to EQM's partnership agreement or its certificate of limited partnership that would be adverse (other than in a *de minimis* manner) to any of the rights, preferences or privileges of the Series A Preferred Units.

The holders of the Series A Preferred Units are entitled to receive cumulative quarterly distributions at a rate of $1.0364 per Series A Preferred Unit for the first twenty distribution periods following the Private Placement, and thereafter the quarterly distributions on the Series A Preferred Units will be an amount per Series A Preferred Unit for such quarter equal to (i) the Series A Preferred Unit purchase price of $48.77 per such unit, multiplied by (ii) a percentage equal to the sum of (A) the greater of (x) the 3-month LIBOR as of the second London banking day prior to the beginning of the applicable quarter and (y) 2.59%, and (B) 6.90%, multiplied by (iii) 25%. EQM will not be entitled to pay any distributions on any junior securities, including any EQM common units, prior to paying the quarterly distributions payable to the holders of Series A Preferred Units, including any previously accrued and unpaid distributions.

Each holder of the Series A Preferred Units may elect to convert all or any portion of its Series A Preferred Units into EQM common units initially on a one-for-one basis, subject to customary anti-dilution adjustments and an adjustment for any distributions that have accrued but have not been paid when due and partial period distributions, at any time (but not more often than once per fiscal quarter) after April 10, 2021 (or earlier upon the liquidation, dissolution or winding up of EQM), provided that any conversion is for at least $30 million (calculated based on the closing price of the EQM common units on the trading day preceding notice of conversion) or such lesser amount if such conversion relates to all of a holder's remaining Series A Preferred Units.

EQM may elect to convert all or any portion of the Series A Preferred Units into EQM common units at any time (but not more often than once per quarter) after April 10, 2021 if (i) the common units are listed for, or admitted to, trading on a national securities exchange, (ii) the closing price per common unit on the national securities exchange on which the common units are listed for, or admitted to, trading exceeds $68.28 per such unit for the 20 consecutive trading days immediately preceding notice of the conversion, (iii) the average daily trading volume of the common units on the national securities exchange on which the common units are listed for, or admitted to, trading exceeds 500,000 common units for the 20 consecutive trading days immediately preceding notice of the conversion, (iv) EQM has an effective registration statement on file with the SEC covering resales of the common units to be received by such holders upon any such conversion and (v) EQM has paid all

accrued quarterly distributions in cash to the holders. In addition, upon certain events involving a change in control, the holders of Series A Preferred Units may elect, among other potential elections, to convert their preferred units into EQM common units at a certain conversion rate.

See also Note 19 for a discussion of the EQM Merger along with the treatment of the Series A Preferred Units and Class B units in connection with the EQM Merger.

7. Financial Information by Business Segment

EQM reports its operations in three segments that reflect its three lines of business of Gathering, Transmission and Water. Refer to Note 1 for discussion on business segments.

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
Revenues from customers:			
Gathering	$ 1,159,931	$ 997,070	$ 509,967
Transmission	390,520	386,801	371,986
Water	79,791	111,227	13,605
Total operating revenues	$ 1,630,242	$ 1,495,098	$ 895,558
Operating (loss) income:			
Gathering [(a)]	$ (88,850)	$ 423,407	$ 369,093
Transmission	277,731	265,579	247,467
Water	15,305	37,667	4,145
Total operating income	$ 204,186	$ 726,653	$ 620,705
Reconciliation of operating income to net income:			
Equity income[(b)]	163,279	61,778	22,171
Other income	4,601	5,011	4,439
Net interest expense	209,984	122,094	36,955
Net income	$ 162,082	$ 671,348	$ 610,360

(a) Impairments of long-lived assets of $854.3 million and $261.9 million for the years ended December 31, 2019 and 2018, respectively, were included in Gathering operating income. See Note 3 for further information.

(b) Equity income is included in the Transmission segment.

	As of December 31,		
	2019	2018	2017
	(Thousands)		
Segment assets:			
Gathering	$ 7,572,911	$ 6,011,654	$ 5,656,094
Transmission[(a)]	3,903,707	3,066,659	1,947,566
Water	202,440	237,602	208,273
Total operating segments	11,679,058	9,315,915	7,811,933
Headquarters, including cash	135,961	140,206	186,902
Total assets	$ 11,815,019	$ 9,456,121	$ 7,998,835

(a) The equity investment in the MVP Joint Venture is included in the Transmission segment.

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
Depreciation:			
Gathering	$ 144,310	$ 98,678	$ 44,957
Transmission	51,935	49,723	58,689
Water	26,915	23,513	3,515
Total	$ 223,160	$ 171,914	$ 107,161
Expenditures for segment assets:			
Gathering[(a)(b)]	$ 893,804	$ 717,251	$ 254,522
Transmission[(c)]	59,313	114,450	111,102
Water	37,457	23,537	6,233
Total [(d)]	$ 990,574	$ 855,238	$ 371,857

(a) Includes approximately $59.1 million for the year ended December 31, 2019 related to non-operating assets acquired from Equitrans Midstream in the Shared Assets Transaction that primarily support EQM's gathering activities.

(b) Includes approximately $25.9 million of capital expenditures related to noncontrolling interests in Eureka Midstream for the year ended December 31, 2019.

(c) Transmission capital expenditures do not include capital contributions made to the MVP Joint Venture for the MVP and MVP Southgate projects of approximately $774.6 million, $913.2 million and $159.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

(d) 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 $85.8 million, $108.9 million, $90.7 million and $26.7 million at December 31, 2019, 2018, 2017 and 2016, respectively. On November 13, 2017, as a result of the Rice Merger, EQM assumed $72.3 million of Rice Midstream Holdings accrued capital expenditures. On April 10, 2019, as a result of the Bolt-on Acquisition, EQM assumed $8.8 million of Eureka Midstream accrued capital expenditures.

8. Related Party Transactions

Related Party Transactions with EQT. As of December 31, 2019, EQT remained a related party due to its continued 19.9% ownership interest in Equitrans Midstream following the Separation. In the ordinary course of business, EQM engaged, and continues to engage, in transactions with EQT and its affiliates, including, but not limited to, gathering agreements, transportation service and precedent agreements, storage agreements and water service agreements.

Omnibus Agreement with EQT. Prior to the Separation and Distribution, EQM had an omnibus agreement with EQT (the EQT Omnibus Agreement). Pursuant to the EQT Omnibus Agreement, EQT agreed to provide EQM with a license to use the name "EQT" and related marks in connection with EQM's business. EQM was allocated the portion of operating and maintenance expense and selling, general and administrative expense incurred by EQT for the benefit of EQM. The omnibus agreement also provided for certain indemnification and reimbursement obligations between EQT and EQM. On November 12, 2018, EQT terminated the EQT Omnibus Agreement and entered into the Amended and Restated Omnibus Agreement dated November 13, 2018 among EQT, EQM and the EQM General Partner (the Amended and Restated EQT Omnibus Agreement) to memorialize certain indemnification obligations of EQT and EQM, which remain in effect following the termination.

RMP Omnibus Agreement with EQT. Prior to the Separation and Distribution, RMP had an omnibus agreement with EQT (the RMP Omnibus Agreement). Pursuant to the RMP Omnibus Agreement, EQT performed centralized corporate general and administrative services for RMP. In exchange, RMP reimbursed EQT for the expenses incurred by EQT in providing those services. Following the completion of the EQM-RMP Merger, RMP reimbursed EQT for the expenses incurred by EQT providing services to RMP and its subsidiaries under EQM's omnibus agreement with EQT. On November 12, 2018, EQT terminated the RMP Omnibus Agreement. In connection with the Separation, certain indemnification obligations of EQT and RMP remain in effect following the termination pursuant to the Second Amended and Restated Omnibus Agreement, dated November 13, 2018 among EQT, RMP and certain of RMP's subsidiaries.

Omnibus Agreement with Equitrans Midstream. On November 13, 2018, in connection with the Separation, Equitrans Midstream, EQM and the EQM General Partner (as successor to the former EQM general partner) entered into an omnibus agreement (the Equitrans Midstream Omnibus Agreement). Pursuant to the Equitrans Midstream Omnibus Agreement, EQM

agreed to, among other things, provide Equitrans Midstream with a license to use the name "Equitrans" and related marks in connection with Equitrans Midstream's business. EQM is allocated the portion of operating and maintenance expense and selling, general and administrative expense incurred by Equitrans Midstream and certain of its affiliates for the benefit of EQM. In connection with the entry into the Assignment and Bill of Sale, the Equitrans Midstream Omnibus Agreement was amended and restated, to, among other things, govern Equitrans Midstream's use, and payment for such use, of the acquired assets in the Shared Assets Transaction following their conveyance to EQM.

Operation and Management Services Agreement. EQM had an operation and management services agreement with EQT Gathering, LLC (EQT Gathering), an indirect wholly owned subsidiary of EQT, pursuant to which EQT Gathering provided EQM's pipelines and storage facilities with certain operational and management services. EQM reimbursed EQT Gathering for such services pursuant to the terms of the EQT Omnibus Agreement. The operation and management services agreement was replaced in its entirety by a secondment agreement with EQT (discussed below).

Secondment Agreement with EQT. On December 7, 2017, EQT, EQT Gathering, Equitrans, L.P. (Equitrans), EQM and the EQM General Partner (as successor to the former EQM general partner) entered into a Secondment Agreement (the EQT Secondment Agreement), pursuant to which available employees of EQT and its affiliates could be seconded to EQM and its subsidiaries to provide operating and other services with respect to EQM's business under the direction, supervision and control of EQM or its subsidiaries. EQM reimbursed EQT and its affiliates for the services provided by the seconded employees pursuant to the Secondment Agreement. On November 12, 2018, EQT terminated the secondment agreement.

Secondment Agreement with Equitrans Midstream. On November 13, 2018, in connection with the Separation, Equitrans Midstream, EQM, and the EQM General Partner (as successor to the former EQM general partner) entered into a Secondment Agreement (the Equitrans Midstream Secondment Agreement), pursuant to which available employees of Equitrans Midstream and its affiliates may be seconded to EQM and its subsidiaries to provide operating and other services with respect to EQM's business under the direction, supervision and control of EQM or its subsidiaries. The Equitrans Midstream Secondment Agreement replaced the aforementioned EQT Secondment Agreement.

The following table summarizes the amounts and categories of expenses for which EQM was obligated to reimburse EQT pursuant to the EQT Omnibus Agreement, the EQT Secondment Agreement and the Operation and Management Services Agreement, as applicable, and the amounts and categories of obligations for which EQT was obligated to indemnify and/or reimburse EQM pursuant to the EQT Omnibus Agreement and the Amended and Restated EQT Omnibus Agreement, as applicable, for the years ended December 31, 2018 and 2017. In addition, the table below summarizes the amounts and categories of expenses for which EQM was obligated to reimburse Equitrans Midstream pursuant to the Equitrans Midstream Omnibus Agreement and the Equitrans Midstream Secondment Agreement, as applicable, and the amounts and categories for which Equitrans Midstream was obligated to indemnify and/or reimburse EQM pursuant to the Equitrans Midstream Omnibus Agreement, as applicable, for the years ended December 31, 2019 and 2018.

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
Reimbursements to EQT			
Operating and maintenance expense [a]	$ —	$ 49,778	$ 39,957
Selling, general and administrative expense [a]	$ —	$ 81,725	$ 67,424
Reimbursements to Equitrans Midstream			
Operating and maintenance expense [a]	$ 52,713	$ —	$ —
Selling, general and administrative expense [a]	$ 89,187	$ 16,335	$ —
Reimbursements from EQT and Equitrans Midstream [b]			
Plugging and abandonment	$ —	$ —	$ 4
Bare steel replacement	$ 711	$ 3,866	$ 15,704

(a) The expenses for which EQM reimbursed EQT and its subsidiaries in the Predecessor period and Equitrans Midstream and its subsidiaries in the Successor period may not necessarily reflect the actual expenses that EQM would incur on a stand-alone basis. These amounts exclude the recast impact of the Drop-Down Transaction and the EQM-RMP Merger as these amounts do not represent reimbursements pursuant to any omnibus agreement.

(b) These reimbursements were recorded as capital contributions from EQT and Equitrans Midstream.

Summary of Related Party Transactions. The following table summarizes related party transactions for the years ended December 31, 2019, 2018 and 2017.

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
Operating revenues [a]	$ 1,122,626	$ 1,111,289	$ 665,939
Operating and maintenance expense [b]	52,713	49,778	40,204
Selling, general and administrative expense [b]	89,187	98,060	72,592
Separation and other transaction costs [c]	(1,404)	7,761	—
Equity income [d]	163,279	61,778	22,171
Interest income on Preferred Interest (see Note 1)	6,324	6,578	6,818
Principal payments received on Preferred Interest (see Note 1)	4,661	4,406	4,166
Distributions to Equitrans Midstream [e]	542,260	—	—
Distributions to the EQM General Partner [f]	—	361,575	235,167
Capital contributions to the MVP Joint Venture [d]	774,593	913,195	159,550
Capital contributions from Equitrans Midstream / EQT	711	3,866	15,463
Net contributions from EQT	—	3,001	29,711

(a) Operating revenues represents revenues with EQT for all years presented.

(b) The expenses for which EQM reimbursed EQT and its subsidiaries in the Predecessor period and Equitrans Midstream and its subsidiaries in the Successor period 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. These amounts exclude the recast impact of the Drop-Down Transaction and the EQM-RMP Merger as these amounts do not represent reimbursements pursuant to the omnibus agreements.

(c) For the year ended December 31, 2018, EQT allocated $7.8 million in transaction costs to EQM related to the EQM-RMP Merger and the Drop-Down Transaction.

(d) Associated with EQM's ownership in the MVP Joint Venture. See Note 9 for further detail.

(e) The distributions to Equitrans Midstream are based on the period to which the distributions relate and not the period in which the distributions were declared and paid. For example, for the year ended December 31, 2019, total distributions to Equitrans Midstream included the cash distribution declared on January 15, 2020 related to the fourth quarter of 2019 of $1.16 per common unit.

(f) The distributions to the EQM General Partner are based on the period to which the distributions relate and not the period in which the distributions were declared and paid. For example, for the year ended December 31, 2018, total distributions to the EQM General Partner included the cash distribution declared on January 16, 2019 related to the fourth quarter of 2018 of $1.13 per common unit and the amounts related to its general partner interest and IDRs.

The following table summarizes related party balances as of December 31, 2019 and 2018.

	As of December 31,	
	2019	2018
	(Thousands)	
Accounts receivable – related party	$ 175,153	$ 174,767
Due to related party	39,009	78,465
Capital contribution payable to the MVP Joint Venture	45,150	169,202
Investment in unconsolidated entity	2,324,108	1,510,289
Preferred Interest in EES (see Note 1 and Note 7)	110,059	114,720

See also Note 2, Note 6, Note 9, Note 10, Note 11, Note 12, Note 15, Note 17 and Note 19 for further discussion of related party transactions.

9. Investment in Unconsolidated Entity

Investment in the MVP Joint Venture

The MVP Joint Venture is constructing the Mountain Valley Pipeline (MVP), an estimated 300-mile natural gas interstate pipeline that will span from northern West Virginia to southern Virginia. EQM will operate the MVP and owned a 45.5% interest in the MVP project as of December 31, 2019. On November 4, 2019, Consolidated Edison, Inc. (Con Edison) exercised an option to cap its investment in the MVP project at approximately $530 million (excluding AFUDC). EQM and NextEra Energy, Inc. are obligated, and RGC Resources, Inc., another member of the MVP Joint Venture owning an interest in the MVP project, has opted to fund the shortfall in Con Edison's capital contributions, on a pro rata basis. As a result, EQM expects to fund an additional $86 million (excluding AFUDC) in capital contributions to the MVP Joint Venture. EQM's equity ownership in the MVP Joint Venture will progressively increase from 45.5% to approximately 47.0%. The MVP Joint Venture is 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 of the MVP Joint Venture because it does not have the power to direct the activities that most significantly affect the MVP Joint Venture's economic performance. Certain business decisions, such as decisions to make distributions of cash, require a greater than 66 2/3% ownership interest approval, and no one member owns more than a 66 2/3% interest.

In April 2018, the MVP Joint Venture announced the MVP Southgate project, a proposed 75-mile interstate pipeline that will extend from the MVP at Pittsylvania County, Virginia to new delivery points in Rockingham and Alamance Counties, North Carolina. EQM will operate the MVP Southgate pipeline and owned a 47.2% interest in the MVP Southgate project as of December 31, 2019.

In November 2019, the MVP Joint Venture issued a capital call notice for the funding of the MVP project to MVP Holdco, LLC (MVP Holdco), a direct, wholly-owned subsidiary of EQM, for $45.2 million, of which $7.5 million was paid in January 2020 and $37.7 million is expected to be paid in March 2020. The capital contributions payable and the corresponding increase to the investment balance are reflected on the consolidated balance sheet as of December 31, 2019.

The interests in MVP and MVP Southgate are equity method investments for accounting purposes because EQM has the ability to exercise significant influence, but not control, over the MVP Joint Venture's operating and financial policies. Accordingly, EQM records adjustments to the investment balance for contributions to or distributions from the MVP Joint Venture and for EQM's pro-rata share of MVP Joint Venture earnings.

Equity income, which is primarily related to EQM's pro-rata share of the MVP Joint Venture's AFUDC on the construction of the MVP, is reported in equity income in EQM's statements of consolidated operations.

Pursuant to the MVP Joint Venture's limited liability company agreement, MVP Holdco is obligated to provide performance assurances, which may take the form of a guarantee from EQM (provided that EQM's debt is rated as investment grade in accordance with the requirements of the MVP Joint Venture's limited liability company agreement), a letter of credit or cash collateral, in favor of the MVP Joint Venture to provide assurance as to the funding of MVP Holdco's proportionate share of the construction budget for the MVP project. In January 2019, EQM issued a performance guarantee in an amount equal to 33% of EQM's proportionate share of the then-remaining construction budget for the MVP project, which was approximately $261 million at the time of issuance. In July and October 2019, EQM issued a replacement performance guarantees in amounts equal to approximately $249 million and $256 million, respectively, based on the then-current construction budget for the MVP project. As of December 31, 2019, EQM's performance guarantee was approximately $223 million, adjusted for capital contributions made during the fourth quarter of 2019.

In addition, pursuant to the MVP Joint Venture's limited liability company agreement, MVP Holdco is obligated to provide performance assurances in respect of MVP Southgate, which performance assurances may take the form of a guarantee from EQM (provided that EQM's debt is rated as investment grade in accordance with the requirements of the MVP Joint Venture's limited liability company agreement), a letter of credit or cash collateral. In February 2019, EQM issued a performance guarantee of $14 million in favor of the MVP Joint Venture for the MVP Southgate project. Upon the FERC's initial release to begin construction of the MVP Southgate project, EQM's current MVP Southgate performance guarantee will be terminated, and EQM will be obligated to issue a new guarantee (or provide another allowable form of performance assurance) in an amount equal to 33% of MVP Holdco's proportionate share of the remaining capital obligations for the MVP Southgate project under the applicable construction budget.

As a result of EQM’s credit rating downgrades in the first quarter of 2020, EQM was obligated to deliver additional credit support to the MVP Joint Venture, which included letters of credit in the amounts of approximately $220.2 million and $14.2 million with respect to the MVP project and MVP Southgate project. In connection with delivering such letters of credit as

replacement performance assurances, the performance guarantees associated with the MVP and MVP Southgate projects were terminated.

As of December 31, 2019, EQM's maximum financial statement exposure related to the MVP Joint Venture was approximately $2,516 million, which consisted of the investment in unconsolidated entity balance on the consolidated balance sheet as of December 31, 2019, net of capital contributions payable, and amounts that could have become due under EQM's performance guarantees as of that date.

The following tables summarize the audited condensed consolidated financial statements of the MVP Joint Venture in relation to the MVP project.

Consolidated Balance Sheets

	As of December 31,	
	2019	2018
	(Thousands)	
Current assets	$ 102,638	$ 615,926
Noncurrent assets	4,951,521	3,202,506
Total assets	$ 5,054,159	$ 3,818,432
Current liabilities	$ 223,645	$ 606,366
Equity	4,830,514	3,212,066
Total liabilities and equity	$ 5,054,159	$ 3,818,432

Statements of Consolidated Operations

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
Environmental remediation	$ (2,416)	$ —	$ —
Other income	6,243	5,762	528
AFUDC - equity	245,890	90,791	32,054
Net interest income	105,382	38,911	16,146
Net income	$ 355,099	$ 135,464	$ 48,728

EQM's ownership interest in the MVP Joint Venture related to the MVP project is significant as defined by the SEC's Regulation S-X Rule 1-02(w). Accordingly, as required by Regulation S-X Rule 3-09, EQM has included audited financial statements of the MVP Joint Venture, with respect to the MVP project, as of December 31, 2019 and for each of the three years in the period ended December 31, 2019 as Exhibit 99.2 to this Annual Report on Form 10-K.

10. Cash Distributions

The EQM partnership agreement provides that the holders of the Series A Preferred Units are entitled to receive cumulative quarterly distributions at a rate of $1.0364 per Series A Preferred Unit for the first twenty distribution periods, and thereafter the quarterly distributions on the Series A Preferred Units will be an amount per Series A Preferred Unit for such quarter equal to (i) the Series A Preferred Unit purchase price of $48.77 per such unit, multiplied by (ii) a percentage equal to the sum of (A) the greater of (x) the 3-month LIBOR as of the second London banking day prior to the beginning of the applicable quarter and (y) 2.59%, and (B) 6.90%, multiplied by (iii) 25%. EQM will not be entitled to pay any distributions on any junior securities, including any EQM common units, prior to paying the quarterly distributions payable to the holders of Series A Preferred Units, including any previously accrued and unpaid distributions.

The EQM partnership agreement requires EQM to distribute all of its available cash to EQM's common unitholders within 45 days after the end of each quarter. Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

- *less*, the amount of cash reserves established by the EQM General Partner to:
  - provide for the proper conduct of EQM's business (including reserves for future capital expenditures, anticipated future debt service requirements, the payment of quarterly distributions on Series A Preferred Units and refunds of

collected rates reasonably likely to be refunded as a result of a settlement or hearing related to FERC rate proceedings subsequent to that quarter);

- comply with applicable law, any of EQM's debt instruments or other agreements; or
- provide funds for distributions to EQM's unitholders for any one or more of the next four quarters;

- *plus*, if the EQM General Partner so determines, all or any portion of the cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter.

The Class B units will become convertible at the holder's option in three tranches, with 2.5 million becoming convertible on April 1, 2021, 2.5 million becoming convertible on April 1, 2022, and 2 million becoming convertible on April 1, 2023 (each, a Class B unit conversion date). Until the applicable Class B unit conversion date, the Class B units will not be entitled to receive any distributions of available cash. After the applicable Class B unit conversion date, whether or not such Class B units have been converted into EQM common units, the Class B units will participate pro rata with the EQM common units in distributions of available cash. Furthermore, the Class B units will become convertible at the holder's option into EQM common units immediately before a change of control of EQM.

Distributions to Common Unitholders. On January 15, 2020, the Board of Directors of the EQM General Partner (the Board) declared a cash distribution to EQM's unitholders for the fourth quarter of 2019 of $1.16 per common unit. The cash distribution was paid on February 13, 2020 to unitholders of record at the close of business on February 4, 2020. Cash distributions paid by EQM to Equitrans Midstream were approximately $136.0 million related to Equitrans Midstream's limited partner interest in EQM.

Distributions to Series A Preferred Unit Holders. On January 15, 2020, the Board declared a quarterly cash distribution on the Series A Preferred Units for the fourth quarter of 2019 of $1.0364 per Series A Preferred Unit. The cash distribution was paid on February 13, 2020 to holders of Series A Preferred Units of record at the close of business on February 4, 2020.

On February 27, 2020, EQM announced its intention to reduce its quarterly distribution from $1.16 per unit to $0.3875 per unit, a decrease of approximately 67% per unit, in connection with the announcement of the EQM Merger, commencing with the first quarter 2020 distribution. See Note 19 for additional information regarding the EQM Merger.

11. Equity-Based Compensation Plan

EQM Phantom Units. The EQM General Partner has granted phantom unit awards to certain non-employee directors of the EQM General Partner. The EQM phantom units vest upon grant, and the value of the EQM phantom units is paid in EQM common units upon the director's termination of service on the EQM General Partner's Board of Directors.

The EQM phantom units are accounted for as equity awards; as such, EQM recognizes the fair value of the awards on the grant date as share-based compensation expense upon grant. As of December 31, 2019, there were 26,700 EQM phantom units, including accrued distributions, outstanding. EQM granted 5,910, 5,100 and 2,940 EQM phantom units during the years ended December 31, 2019, 2018 and 2017, respectively. The weighted average fair value of the grants, based on EQM's common unit price on the grant date, was $43.25, $68.66 and $76.68 for the years ended December 31, 2019, 2018 and 2017, respectively. EQM recognized share-based compensation expense of $0.3 million, $0.4 million and $0.2 million for the years ended December 31, 2019, 2018 and 2017, respectively.

RMP Phantom Units. Prior to the EQM-RMP Merger, the RMP General Partner granted phantom unit awards (RMP phantom units) to certain non-employee directors of the RMP General Partner. The RMP phantom units would cliff vest at the end of the requisite service period of approximately one year, and the value of the RMP phantom units were paid in RMP common units upon vesting. The RMP phantom units were equity awards; as such, RMP recognized the fair value of the awards on the grant date as share-based compensation expense on a straight-line basis over the vesting period. As of July 23, 2018, in connection with the EQM-RMP Merger, the 36,220 RMP phantom units outstanding vested and converted into 12,024 EQM common units based on the exchange ratio of 0.3319. EQM recognized share-based compensation expense of $0.9 million and less than $0.1 million for the year ended December 31, 2018 and for the period from November 13, 2017 through December 31, 2017, respectively.

12. Debt

The following table presents EQM's outstanding debt as of December 31, 2019 and 2018.

	December 31, 2019			December 31, 2018		
	Principal	Carrying Value [a]	Fair Value [b]	Principal	Carrying Value [a]	Fair Value [b]
	(Thousands)					
$3 Billion Facility	$ 610,000	$ 610,000	$ 610,000	$ 625,000	$ 625,000	$ 625,000
Eureka Credit Facility	292,500	292,500	292,500	—	—	—
2019 EQM Term Loan	1,400,000	1,397,491	1,400,000	—	—	—
4.00% Senior Notes due 2024	500,000	496,476	486,905	500,000	495,708	479,950
4.125% Senior Notes due 2026	500,000	494,115	471,770	500,000	493,264	454,200
4.75% Senior Notes due 2023	1,100,000	1,091,988	1,104,961	1,100,000	1,089,742	1,099,890
5.50% Senior Notes due 2028	850,000	840,420	839,035	850,000	839,302	841,526
6.50% Senior Notes due 2048	550,000	539,009	518,678	550,000	538,623	549,566
Total debt	$ 5,802,500	$ 5,761,999	$ 5,723,849	$ 4,125,000	$ 4,081,639	$ 4,050,132

(a) Carrying value of the senior notes represents principal amount less unamortized debt issuance costs and debt discounts.

(b) See Note 1 for a discussion of fair value measurements.

The combined aggregate amounts of maturities for long-term debt are as follows: zero in 2020 and 2021, $1.4 billion in 2022, $1.1 billion in 2023, $0.5 billion in 2024 and $1.9 billion in 2025 and thereafter.

$3 Billion Facility. On October 31, 2018, EQM amended and restated its unsecured revolving credit facility to increase the borrowing capacity from $1 billion to $3 billion and extend the term to October 2023 (the $3 billion Facility). The $3 Billion Facility is available for general partnership purposes, including to purchase assets, and to fund working capital requirements and capital expenditures, pay distributions and repurchase units. Subject to satisfaction of certain conditions, the $3 Billion Facility has an accordion feature that allows EQM to increase the available borrowings under the facility by up to an additional $750 million. The $3 Billion Facility has a sublimit of up to $250 million for same-day swing line advances and a sublimit of up to $400 million for letters of credit. In addition, EQM has the ability to request that one or more lenders make available term loans under the $3 Billion Facility, subject to the satisfaction of certain conditions. Such term loans would be secured by cash and qualifying investment grade securities. As of December 31, 2019, no term loans were outstanding under the $3 Billion Facility. EQM's obligations under the revolving portion of the $3 Billion Facility are unsecured.

EQM's debt issuer credit ratings determine the level of fees associated with its $3 Billion Facility and the interest rate charged by the counterparties on amounts borrowed against the lines of credit. EQM's debt credit rating and level of fees and interest rates are inversely related.

Under the terms of the $3 Billion Facility, EQM can obtain Base Rate Loans (as defined in the $3 Billion Facility) or Fixed Period Eurodollar Rate Loans (as defined in the $3 Billion Facility) (Eurodollar Rate Loans). Base Rate Loans are denominated in dollars and bear interest at a base rate plus a margin of 0.125% to 0.875% determined on the basis of a combination of EQM's then-current credit ratings by Moody's Investors Service (Moody's), S&P Global Ratings (S&P) and Fitch Investor Services (Fitch). Eurodollar Rate Loans bear interest at a Eurodollar Rate (as defined in the $3 Billion Facility) plus a margin of 1.125% to 1.875% determined on the basis of a combination of EQM's then-current credit ratings with Moody's, S&P and Fitch. EQM may voluntarily prepay its borrowings, in whole or in part, without premium or penalty, but subject to reimbursement of funding losses with respect to prepayment of Eurodollar Rate Loans.

EQM's $3 Billion Facility contains certain negative covenants, that, among other things, limit the ability of EQM and certain of its subsidiaries to incur or permit liens on assets, establish a maximum consolidated leverage ratio of not more than 5.00 to 1.00 tested as of the end of each fiscal quarter (or not more than 5.50 to 1.00 for certain measurement periods following the consummation of certain acquisitions), and limit transactions with affiliates, mergers and other fundamental changes, asset dispositions, and the incurrence of new debt, in each case and as applicable, subject to certain specified exceptions. The $3 Billion Facility also contains certain specified events of default, including, among others, failure to make certain payments (subject to specified grace periods in some cases), failure to observe covenants (subject to specified grace periods in some cases), cross-defaults to certain other material debt, certain specified insolvency or bankruptcy events and the occurrence of a change of control event, in each case, the occurrence of which would allow the lenders to accelerate EQM’s payment obligations under the $3 Billion Facility.

During the years ended December 31, 2019, 2018 and 2017, the maximum outstanding borrowings under the $3 Billion Facility were $1,690 million, $674 million and $260 million, respectively, the average daily balances were approximately $846 million, $230 million and $74 million, respectively, and the weighted average annual interest rates were 3.6%, 3.6% and 2.8%, respectively. EQM had $1 million of letters of credit outstanding under the $3 Billion Facility as of both December 31, 2019 and 2018. For the years ended December 31, 2019, 2018 and 2017, commitment fees of $4.6 million, $2.8 million and $1.8 million, respectively, were paid to maintain credit availability under the credit facility.

2019 EQM Term Loan Agreement. In August 2019, EQM entered into a term loan agreement that provided for unsecured term loans in an aggregate principal amount of $1.4 billion (the 2019 EQM Term Loan Agreement). The initial term loans provided under the 2019 EQM Term Loan Agreement mature in August 2022. EQM received net proceeds from the issuance of the initial term loans under the 2019 EQM Term Loan Agreement of $1,397.4 million, inclusive of debt issuance costs of $2.6 million. The net proceeds were primarily used to repay borrowings under the $3 Billion Facility and the remainder was used for general partnership purposes. The 2019 EQM Term Loan Agreement provides EQM with the right to request incremental term loans in an aggregate amount of up to $300 million, subject to, among other things, obtaining additional commitments from existing lenders or commitments from new lenders. EQM had $1.4 billion of borrowings outstanding under the 2019 EQM Term Loan Agreement as of December 31, 2019. During the applicable portions of the year ended December 31, 2019, the weighted average annual interest rate for the period was approximately 3.3%.

Under the terms of the EQM Credit Facility, EQM can obtain Base Rate Loans (as defined in the 2019 EQM Term Loan Agreement) or Fixed Period Eurodollar Rate Loans (as defined in the 2019 EQM Term Loan Agreement) (Eurodollar Rate Loans). Base Rate Loans are denominated in dollars and bear interest at a base rate plus a margin of 0.000% to 0.750% determined on the basis of a combination of EQM's then-current credit rating with Moody's, S&P and Fitch. Eurodollar Rate Loans bear interest at a Eurodollar Rate (as defined in the 2019 EQM Term Loan Agreement) plus a margin of 1.000% to 1.750% determined on the basis of a combination of EQM's then-current credit rating with Moody's, S&P and Fitch. EQM may voluntarily prepay its borrowings, in whole or in part, without premium or penalty, but subject to reimbursement of funding losses with respect to prepayment of Eurodollar Rate Loans.

The 2019 EQM Term Loan Agreement contains certain negative covenants, that, among other things, limit the ability of EQM and certain of its subsidiaries to incur or permit liens on assets, establish a maximum 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) tested as of the end of each fiscal quarter, and limit transactions with affiliates, mergers and other fundamental changes, asset dispositions, and the incurrence of new debt, in each case and as applicable, subject to certain specified exceptions. The 2019 EQM Term Loan Agreement also contains certain specified events of default, including, among others, failure to make certain payments (subject to specified grace periods in some cases), failure to observe covenants (subject to specified grace periods in some cases), cross-defaults to certain other material debt, certain specified insolvency or bankruptcy events and the occurrence of a change of control event, in each case, the occurrence of which would allow the lenders to accelerate EQM’s payment obligations under the 2019 EQM Term Loan Agreement.

Eureka Credit Facility. Eureka Midstream, LLC (Eureka), a wholly-owned subsidiary of Eureka Midstream, has a $400 million senior secured revolving credit facility, which is available for general business purposes, including financing maintenance and expansion capital expenditures related to the Eureka system and providing working capital for Eureka’s operations (the Eureka Credit Facility). Subject to satisfaction of certain conditions, the Eureka Credit Facility has an accordion feature that allows Eureka to increase the available borrowings under the facility by an additional $100 million to an aggregate $500 million of total commitments.

Under the terms of the Eureka Credit Facility, Eureka can obtain base rate loans or Eurodollar rate loans. Base rate loans are denominated in dollars and bear interest at an adjusted base rate, which was equal to the highest of (i) JPMorgan Chase Bank, N.A.'s prime rate, (ii) the one-month Adjusted Eurodollar Rate (as defined in the Eureka Credit Facility credit agreement) plus 1.0% or (iii) the Federal Funds effective rate plus 0.5% per annum; plus the Applicable Margin (as defined in the Eureka Credit Agreement). Eurodollar rate loans bear interest at the Adjusted Eurodollar Rate per annum, which rate is to be determined by the administrative agent pursuant to a prescribed calculation based on the ICE Benchmark Administration LIBOR Rate plus the Applicable Margin. The Applicable Margin ranged from 0.75% to 2.0% in the case of base rate loans and from 1.75% to 3.0% in the case of Eurodollar loans, in each case, depending on the amount of the loan outstanding in relation to the borrowing base.

The Eureka Credit Facility contains negative covenants that, among other things, limit restricted payments, the incurrence of debt, dispositions, mergers and fundamental changes, securities issuances, and transactions with affiliates. In addition, the Eureka Credit Facility contains events of default such as insolvency, nonpayment of scheduled principal or interest obligations, loss and failure to replace certain material contracts, change of control and cross-default related to the acceleration or default of certain other financial obligations. Under the Eureka Credit Facility, Eureka is required to maintain a consolidated leverage ratio of not more than 4.75 to 1.00 (or not more than 5.25 to 1.00 for certain measurement periods following the consummation

of certain acquisitions). Additionally, as of the end of any fiscal quarter, Eureka will not permit the ratio of consolidated EBITDA (as defined in the Eureka Credit Facility) for the four fiscal quarters then ending to consolidated interest charges to be less than 2.50 to 1.00.

For the period from April 10, 2019 through December 31, 2019, the maximum amount of outstanding borrowings under the Eureka Credit Facility at any time was approximately $293 million, the average daily balance was approximately $288 million, and Eureka incurred interest at a weighted average annual interest rate of approximately 4.2% for the period. For the period from April 10, 2019 to December 31, 2019, commitment fees of $0.4 million were paid to maintain credit availability under the credit facility.

364-Day Facility. In the Predecessor period, EQM had a $500 million, 364-day, uncommitted revolving loan agreement with EQT (the 364-Day Facility). Interest accrued on outstanding borrowings at an interest rate equal to the rate then applicable to similar loans under the $3 Billion Facility with the largest aggregate commitment amount to which EQM was then a party, less the sum of (i) the then applicable commitment fee under such agreement and (ii) 10 basis points. On November 12, 2018, in connection with the Separation, EQT terminated the EQM 364-Day Facility.

EQM had no borrowings outstanding under the 364-Day Facility as of December 31, 2018. There were no borrowings outstanding at any time during the year ended December 31, 2018 on the 364-Day Facility. During the year ended December 31, 2017, the maximum outstanding borrowing under the 364-Day Facility was $100 million, the average daily balance was approximately $23 million and the weighted average annual interest rate was 2.2%.

2018 EQM Term Loan Facility. On April 25, 2018, EQM entered into a $2.5 billion unsecured multi-draw 364-day term loan facility (the 2018 EQM Term Loan Facility). The 2018 EQM Term Loan Facility was used to fund the cash consideration for the Drop-Down Transaction, to repay borrowings under EQM’s then-existing revolving credit facility and for other general partnership purposes. In connection with EQM's issuance of the 2018 Senior Notes (defined below), on June 25, 2018, the outstanding balance under the 2018 EQM Term Loan Facility was repaid and the 2018 EQM Term Loan Facility was terminated. As a result of the termination, EQM expensed $3 million of deferred issuance costs. Under the 2018 EQM Term Loan Facility, from April 25, 2018 through June 25, 2018, the maximum amount of EQM's outstanding borrowing was approximately $1,825 million and the average daily balance was approximately $1,231 million. EQM incurred interest at a weighted average annual interest rate of approximately 3.3% for the period from April 25, 2018 through June 25, 2018.

RMP $850 Million Facility. Prior to the completion of the EQM-RMP Merger, RM Operating LLC (formerly known as Rice Midstream OpCo LLC) (Rice Midstream OpCo), a wholly owned subsidiary of RMP, had an $850 million credit facility (the RMP $850 Million Facility). The RMP $850 Million Facility was available for general partnership purposes, including to purchase assets, and to fund working capital requirements and capital expenditures, pay dividends and repurchase units. The RMP $850 Million Facility was secured by mortgages and other security interests on substantially all of RMP's properties and was guaranteed by RMP and its restricted subsidiaries.

For the period from January 1, 2018 through July 23, 2018, the maximum amount of RMP's outstanding borrowings under the RMP $850 Million Facility at any time was $375 million and the average daily outstanding balance under the RMP $850 Million Facility was approximately $300 million. Interest was incurred on the RMP $850 Million Facility at weighted average annual interest rates of 3.8% for the period from January 1, 2018 through July 23, 2018.

In connection with the completion of the EQM-RMP Merger, on July 23, 2018, EQM repaid the approximately $260 million of borrowings outstanding under the RMP $850 Million Facility and the facility was terminated.

2018 Senior Notes. In June 2018, EQM issued 4.75% senior unsecured notes due July 15, 2023 in the aggregate principal amount of $1.1 billion, 5.50% senior unsecured notes due July 15, 2028 in the aggregate principal amount of $850 million and 6.50% senior unsecured notes due July 15, 2048 in the aggregate principal amount of $550 million (collectively, the 2018 Senior Notes). EQM received net proceeds from the offering of approximately $2,465.8 million, inclusive of a discount of $11.8 million and debt issuance costs of approximately $22.4 million. The net proceeds were used to repay the outstanding balances under the 2018 EQM Term Loan Facility and the RMP $850 Million Facility, and the remainder was used for general partnership purposes.

The 2018 Senior Notes were issued pursuant to supplemental indentures to EQM's existing indenture dated August 1, 2014. The 2018 Senior Notes supplemental indentures contain covenants that limit EQM's ability to, among other things, incur certain liens securing indebtedness, engage in certain sale and leaseback transactions, and enter into certain consolidations, mergers, conveyances, transfers or leases of all or substantially all of EQM's assets.

As of December 31, 2019, EQM and Eureka were in compliance with all debt provisions and covenants.

13. Net Income per Limited Partner Unit

Net Income per Limited Partner Unit: Net income per limited partner unit is calculated utilizing the two-class method by dividing the limited partner interest in net income by the weighted average number of limited partner common units outstanding during the period. The two-class method uses an earnings allocation method under which earnings per limited partner unit are calculated for each class of common unit and any participating security considering all distributions declared and participation rights in undistributed earnings as if all earnings had been distributed during the period. Diluted net income per limited partner unit reflects the potential dilution that could occur if securities or agreements to issue common units were exercised, settled or converted into EQM common units. EQM uses the if-converted method to compute potential common units from phantom units granted to independent directors and to compute potential common units related to the conversion of Series A Preferred Units and Class B units. Under the if-converted method, dilutive convertible securities are assumed to be converted from the date of the issuance, and the resulting common units are included in the denominator of the diluted net income per unit calculation for the period being presented. Each series of potential common units is evaluated in sequence from the most dilutive to the least dilutive. Distributions declared in the period and undeclared distributions on the cumulative Series A Preferred Units that accumulated during the period are added back to the numerator for purposes of the if-converted calculation.

As a result of the EQM IDR Transaction, EQM’s common unitholders are entitled to all distributions until the Class B units are convertible into common units, provided that prior to paying any distributions to EQM's common unitholders, EQM has paid all distributions in respect to the holders of Series A Preferred Units, including any previously accrued and unpaid distributions. Class B unitholders have no rights to distributions until the Class B units are convertible into common units. Accordingly, for all periods prior to the date such Class B units are convertible, the Class B units are not considered participating securities under the two-class method. In addition, the Series A Preferred Units are not considered a participating security as, prior to conversion into common units, they only have distribution rights up to the specified per-unit quarterly distribution and have no rights to EQM’s undistributed earnings prior to conversion of the Series A Preferred Units into EQM common units, as discussed in Note 6.

For the year ended December 31, 2019, limited partner interest in net income, which excludes the Series A Preferred Units interest in net income, was fully allocated to EQM’s common unitholders. For the year ended December 31, 2018, net income attributable to EQM was allocated to the general partner and limited partners in accordance with their respective ownership percentages. Any common units issued during the relevant periods are included on a monthly weighted-average basis for the periods in which they were outstanding.

The phantom units granted to the independent directors of EQM's general partner will be paid in common units on a director's termination of service on the Board of Directors of EQM's General Partner. As there are no remaining service, performance or market conditions related to these awards, 24,382, 19,249 and 20,959 phantom unit awards were included in the calculation of basic and diluted weighted average limited partner units outstanding for the years ended December 31, 2019, 2018 and 2017, respectively.

The following table presents EQM's calculation of net income per limited partner unit for common and Class B limited partner units.

	Years Ended December 31,		
	2019	2018[a]	2017
	(Thousand)		
Net income attributable to EQM	$ 183,373	$ 668,002	$ 609,626
Less: Series A Preferred Units interest in net income	(73,981)	—	—
Less: pre-acquisition net income allocated to EQT	—	(164,242)	(37,722)
Less: general partner interest in net income – general partner units	—	(6,104)	(10,060)
Less: general partner interest in net income – IDRs	—	(255,927)	(143,531)
Limited partner interest in net income	$ 109,392	$ 241,729	$ 418,313
Net income allocable to common units	$ 109,392	$ 241,729	$ 418,313
Net income allocable to Class B units	$ —	$ —	$ —
Weighted average limited partner common units outstanding - basic	189,085	99,303	80,603
Weighted average limited partner common units outstanding - diluted[b]	196,085	99,303	80,603
Net income per limited partner common unit - basic	$ 0.58	$ 2.43	$ 5.19
Net income per limited partner common unit - diluted	$ 0.56	$ 2.43	$ 5.19

(a) Net income attributable to the Drop-Down Transaction and the EQM-RMP Merger for the periods prior to May 1, 2018 and July 23, 2018, respectively, was not allocated to the limited partners for purposes of calculating net income per limited partner unit as these pre-acquisition amounts were not available to the EQM unitholders.

(b) For the year ended December 31, 2019, 7,000,000 Class B units were included in the calculation of diluted weighted average limited partner units outstanding based upon the application of the if-converted method. The effect of the 24,605,291 Series A Preferred Units was anti-dilutive.

14. Regulatory Assets and Liabilities

Regulatory assets and regulatory liabilities are recoverable or reimbursable over various periods and do not earn a return on investment. EQM believes that Equitrans, L.P. will continue to be subject to rate regulation that will provide for the recovery or reimbursement of its regulatory assets and regulatory liabilities. Regulatory assets and regulatory liabilities are included in other assets and other long-term liabilities, respectively, in the accompanying consolidated balance sheets.

	As of December 31,	
	2019	2018
	(Thousands)	
Regulatory assets:		
Deferred taxes [a]	$ 11,387	$ 12,232
Other recoverable costs [b]	4,550	4,312
Total regulatory assets	$ 15,937	$ 16,544
Regulatory liabilities:		
Deferred taxes [a]	$ 9,750	$ 10,119
On-going post-retirement benefits other than pensions [c]	11,225	10,132
Other reimbursable costs	1,076	1,082
Total regulatory liabilities	$ 22,051	$ 21,333

(a) The regulatory asset for deferred taxes primarily related to deferred income taxes recoverable through future rates on a historical deferred tax position and the equity component of AFUDC. The regulatory liability for deferred taxes relates to a revaluation of the historical difference between the regulatory and tax bases of regulated property, plant and equipment. EQM expects to recover the amortization of the deferred tax positions ratably over the corresponding life of the underlying assets that created the differences. Taxes on the equity component of AFUDC and the offsetting deferred income taxes will be collected through rates over the depreciable lives of the long-lived assets to which they relate.

(b) Regulatory assets associated with other recoverable costs primarily related to the recoverable settlement charges associated with the termination of the EQT Corporation Retirement Plan for Employees (the EQT Retirement Plan), a defined benefit pension plan previously sponsored by EQT, effective December 31, 2014. In March 2016, the IRS issued a favorable determination letter for the termination of the EQT Retirement Plan. In the third quarter of 2016, EQM reimbursed EQT approximately $5.2 million for its proportionate share of such funding related to retirees of Equitrans. The settlement charge is recoverable in FERC approved rates and thus was recorded as a regulatory asset and is amortized for rate recovery purposes over a period of 16 years.

(c) EQM defers expenses for on-going post-retirement benefits other than pensions which are subject to recovery in approved rates. The regulatory liability reflects lower cumulative actuarial expenses than the amounts recovered through rates.

15. Concentrations of Credit Risk

For the years ended December 31, 2019, 2018 and 2017, EQT accounted for approximately 69%, 74% and 74%, respectively, of EQM's total revenues across all of its operating segments. As of December 31, 2019, EQT's public debt had an investment grade rating with Moody's, S&P and Fitch. On January 13, 2020, Moody's downgraded EQT's senior unsecured rating to Ba1, with a negative outlook, from Baa3 with a negative outlook. On February 3, 2020, S&P downgraded EQT's senior unsecured rating to BB+ with a negative outlook, from BBB- with a negative outlook. Further, on February 14, 2020, Fitch downgraded EQT's senior unsecured rating to BB with a negative outlook, from BBB- with a negative outlook. For the years ended December 31, 2019, 2018 and 2017, PNG Companies LLC and its affiliates accounted for approximately 7%, 7% and 11%, respectively, of EQM's total revenues.

As of December 31, 2019 and 2018, approximately 31% of the accounts receivable balances represented amounts due from marketers excluding EQT for each respective period. To manage the credit risk related to transactions with marketers, EQM engages with only those that meet specified criteria for credit and liquidity strength and actively monitors accounts with marketers. In connection with its assessment of marketer credit and liquidity strength, EQM may request a letter of credit, guarantee, performance bond or other credit enhancement. EQM did not experience significant defaults on accounts receivable during the years ended December 31, 2019, 2018 and 2017.

16. Commitments and Contingencies

In the ordinary course of business, various legal and regulatory claims and proceedings are pending or threatened against EQM and its subsidiaries. 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 incurred. EQM establishes reserves whenever it believes it to be appropriate for pending matters. Furthermore, after consultation with counsel and considering available insurance, EQM believes that the ultimate outcome of any matter currently pending against EQM will not materially affect its business, financial condition, results of operations, liquidity or ability to make quarterly cash distributions to EQM unitholders, including Equitrans Midstream.

EQM is subject to federal, state and local environmental laws and regulations. These laws and regulations, which are constantly changing, can require expenditures for remediation and, in certain instances, can result in assessment of fines. EQM has established procedures for the ongoing evaluation of its operations to identify potential environmental exposures and to ensure compliance with regulatory requirements. The estimated costs associated with identified situations requiring remedial action are accrued; however, when recoverable through future regulated rates, certain of these costs are deferred as regulatory assets. Ongoing expenditures for compliance with environmental laws and regulations, including investments in facilities to meet environmental requirements, have not been material. Management believes that any such required expenditures will not be significantly different in either nature or amount in the future and does not know of any environmental liabilities that will have a material effect on EQM's business, financial condition, results of operations, liquidity or ability to make quarterly cash distributions to EQM's unitholders. EQM has identified situations that require remedial action for which approximately $0.6 million and $2.1 million is included in other liabilities and credits in the consolidated balance sheets as of December 31, 2019 and 2018, respectively.

Purchase obligations represent agreements to purchase goods or services that are enforceable, legally binding and specify all significant terms, including the approximate timing of the transaction. As of December 31, 2019, EQM had approximately $24.1 million of purchase obligations, which included commitments for capital expenditures, operating expenses and service contracts.

For information related to operating lease rental payments for office locations, warehouse buildings and compressors for the year ended December 31, 2019, see Note 5.

See Note 9 for discussion of the MVP Joint Venture guarantees and Letters of Credit. See Note 19 for a description of the EQT Global GGA and the Credit Letter Agreement.

17. Post-retirement Benefit Plans

Prior to the Separation, employees of EQT operated EQM's assets. EQT charged EQM for the payroll and benefit costs associated with these individuals and for retirees of Equitrans, the owner of EQM's FERC-regulated transmission, storage and gathering systems. Post-Separation, employees of Equitrans Midstream operate EQM's assets. Equitrans Midstream charges EQM for the payroll and benefit costs associated with these individuals and for the retirees of Equitrans. Equitrans Midstream carries obligations for employee-related benefits in its financial statements.

In the Predecessor period, EQM contributed to a defined contribution plan sponsored by EQT. The contribution amount was equal to a percentage of allocated base salary and EQM was charged its contribution percentage through the EQT payroll and benefit costs discussed in Note 8. In the Successor period, Equitrans Midstream is the plan sponsor to EQM's defined contribution plan.

EQM recognizes expenses for ongoing post-retirement benefits other than pensions, which are subject to recovery in FERC-approved rates. Expenses recognized by EQM for ongoing post-retirement benefits other than pensions were approximately $1.2 million for each year ended December 2019, 2018 and 2017.

18. Interim Financial Information (Unaudited)

The following quarterly summary of operating results for the years ended December 31, 2019 and 2018 reflects variations due to the timing of acquisitions and divestitures (as discussed in Note 2), impairments of long-lived assets (as discussed in Note 3) and the seasonal nature of the transmission and storage business.

	Three Months Ended			
	March 31	June 30[c]	September 30[c]	December 31[c]
	(Thousands, except per unit amounts)			
2019				
Operating revenues	$ 389,782	$ 406,167	$ 408,434	$ 425,859
Operating income (loss)	268,014	167,447	(31,077)	(200,198)
Net income (loss)	251,931	156,471	(40,215)	(206,105)
Net income (loss) attributable to EQM	$ 251,931	$ 152,438	$ (10,518)	$ (210,478)
Net income (loss) per limited partner common unit: [a]				
Basic	$ 1.63	$ 0.65	$ (0.18)	$ (1.18)
Diluted	$ 1.56	$ 0.62	$ (0.18)	$ (1.18)
2018 [b]				
Operating revenues	$ 371,026	$ 374,697	$ 364,584	$ 384,791
Operating income (loss)	265,798	245,868	233,500	(18,513)
Net income (loss)	262,843	234,685	209,927	(36,107)
Net income (loss) attributable to EQM	$ 260,350	$ 233,832	$ 209,927	$ (36,107)
Net income (loss) per limited partner unit: [a]				
Basic and diluted	$ 1.61	$ 1.09	$ 1.14	$ (0.89)

(a) Quarterly net income (loss) per limited partner unit amounts are stand-alone calculations and may not be additive to full-year amounts due to rounding and changes in outstanding units.

(b) As discussed in Note 1, EQM's consolidated financial statements have been retrospectively recast to include the pre-acquisition results of the Drop-Down Transaction and the EQM-RMP Merger because these transactions were between entities under common control.

(c) See Note 3 for disclosure regarding impairments of long-lived assets.

19. Subsequent Events

Agreement and Plan of Merger

On February 26, 2020, EQM, Equitrans Midstream, EQM LP Corporation, a Delaware corporation and a wholly-owned subsidiary of Equitrans Midstream (EQM LP), LS Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of EQM LP (Merger Sub) and the EQM General Partner, entered into an Agreement and Plan of Merger (the EQM Merger Agreement), pursuant to which Merger Sub, will merge with and into EQM (the EQM Merger), with EQM

continuing and surviving as an indirect, wholly owned subsidiary of Equitrans Midstream following the EQM Merger. Following the EQM Merger, EQM will no longer be a publicly traded entity.

Under the terms of the EQM Merger Agreement, and subject to the satisfaction or waiver of certain conditions therein, at the effective time of the EQM Merger (the Effective Time), (i) each outstanding EQM common unit (each, an EQM Common Unit) other than EQM Common Units owned by Equitrans Midstream and its subsidiaries (each, a Public Common Unit), will be converted into the right to receive, subject to adjustment as described in the EQM Merger Agreement, 2.44 shares of Equitrans Midstream common stock, no par value (Equitrans Midstream common stock) (the Merger Consideration); (ii) (x) $600 million of the Series A Perpetual Convertible Preferred Units (each, a Series A Preferred Unit) issued and outstanding immediately prior to the Effective Time will be redeemed by EQM, and (y) the remaining portion of the Series A Preferred Units issued and outstanding immediately prior to the Effective Time will be exchanged for shares of a newly authorized and created series of preferred stock, without par value, of Equitrans Midstream, convertible into Equitrans Midstream common stock (the Equitrans Midstream Preferred Shares); and (iii) each outstanding phantom unit relating to an EQM Common Unit issued pursuant to the Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan, dated as of February 22, 2019 (the EQM LTIP), and any other award issued pursuant to the EQM LTIP, whether vested or unvested, will be converted into the right to receive, with respect to each EQM Common Unit subject thereto, the Merger Consideration (plus any accrued but unpaid amounts in relation to distribution equivalent rights), less applicable tax withholding. The interests in EQM owned by Equitrans Midstream and its subsidiaries (including the Class B units) will remain outstanding as limited partner interests in the surviving entity. The EQM General Partner will continue to own the non-economic general partner interest in the surviving entity.

EQM has agreed to, and the EQM General Partner will use its reasonable best efforts to cause EQM to, cease and cause to be terminated any discussions or negotiations with any person conducted heretofore with respect to a competing acquisition proposal, not to directly or indirectly solicit competing acquisition proposals or to enter into discussions concerning, or provide confidential information in connection with, any unsolicited alternative business combinations, subject to certain exceptions with respect to unsolicited proposals received by EQM. In addition, EQM has agreed to call a special meeting of the holders of EQM Common Units (the EQM Special Meeting) to approve the EQM Merger Agreement. The EQM Conflicts Committee may, subject to certain conditions, change its recommendation in favor of approval of the EQM Merger Agreement and the EQM Merger if, in connection with receipt of a superior proposal or the occurrence of a Partnership Changed Circumstance (as defined in the EQM Merger Agreement), it determines in good faith that failure to take such action would constitute a breach of, or otherwise be inconsistent with, its duties under applicable law, as modified by the Partnership Agreement. However, even if the EQM Conflicts Committee changes its recommendation, the EQM Merger Agreement and the EQM Merger require EQM to submit the EQM Merger Agreement for approval by the limited partners of EQM.

The EQM Merger Agreement contains representations and warranties from the parties and indemnification obligations, and each party has agreed to certain covenants, including, among others, covenants relating to, among others, (i) the conduct of business during the interim period between the execution of the EQM Merger Agreement and the Effective Time and (ii) the obligation to use reasonable best efforts to cause the EQM Merger to be consummated.

Completion of the EQM Merger is conditioned upon, among others: (i) approval (the Partnership Approval) of the EQM Merger Agreement and the EQM Merger by holders of a majority of the outstanding EQM Common Units, Class B units, and Series A Preferred Units, with such Series A Preferred Units treated as EQM Common Units on an as-converted basis, voting together as a single class; (ii) approval (the Equitrans Midstream Shareholder Approval) of the Equitrans Midstream Stock Issuance by a majority of votes cast at a special meeting of holders of shares of Equitrans Midstream common stock (the Equitrans Midstream Special Meeting); (iii) there being no law or injunction prohibiting consummation of the transactions contemplated under the EQM Merger Agreement; (iv) the effectiveness of a registration statement on Form S-4, and no stop order suspending the effectiveness of such registration statement, relating to the issuance of shares of Equitrans Midstream common stock pursuant to the EQM Merger Agreement; (v) approval for listing on the New York Stock Exchange of the shares of Equitrans Midstream common stock issuable pursuant to the EQM Merger Agreement; (vi) subject to specified materiality standards, the accuracy of certain representations and warranties of each party; (vii) the delivery of a tax opinion to Equitrans Midstream in form and substance approved by EQT Corporation, a Pennsylvania corporation (EQT), satisfying the requirements of an unqualified tax opinion (as defined in the Tax Matters Agreement, dated November 12, 2018, between EQT and Equitrans Midstream) with respect to the transactions contemplated by the EQM Merger Agreement; (viii) compliance with, or waiver, if permissible, by the respective parties in all material respects with their respective covenants; and (ix) closing of the Restructuring (as defined below).

The EQM Merger Agreement contains provisions granting each of Equitrans Midstream and EQM the right to terminate the EQM Merger Agreement for certain reasons, including, among others, (i) by the mutual written consent of Equitrans Midstream and EQM; (ii) if the EQM Merger has not been consummated on or before August 26, 2020; (iii) if any law, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any governmental authority shall be in

effect, and has become final and nonappealable, enjoining, restraining, preventing or prohibiting the consummation of the Transactions or making the consummation of the Transactions illegal; (iv) if the EQM Special Meeting shall have concluded and the Partnership Approval shall not have been obtained; (v) if the Equitrans Midstream Special Meeting shall have concluded and the Equitrans Midstream Shareholder Approval shall not have been obtained; or (vi) if a Partnership Adverse Recommendation Change (as defined in the EQM Merger Agreement) shall have occurred prior to receipt of the Partnership Approval (as defined the EQM Merger Agreement) (provided that the Partnership may only terminate as a result of Partnership Changed Circumstances (as defined in the EQM Merger Agreement)).

The EQM Merger Agreement contains provisions granting Equitrans Midstream the right to terminate the EQM Merger Agreement for certain reasons, including, (a) a Partnership Adverse Recommendation Change (as defined in the EQM Merger Agreement) shall have occurred, prior to receipt of Partnership Approval, (b) if EQM or the EQM General Partner shall have breached or failed to perform its representations, warranties, covenants or agreements set forth in the EQM Merger Agreement, which breach or failure (x) would give rise to a failure of certain of the conditions to Equitrans Midstream's obligations to consummate the Transactions under the EQM Merger Agreement and (y) is incapable of being cured or is not cured within the earlier of 30 days of written notice of such breach or failure by Equitrans Midstream, provided Equitrans Midstream shall not have the right to terminate if Equitrans Midstream, EQM LP or Merger Sub are in material breach of any of their representations, warranties, covenants or agreements contained in the EQM Merger Agreement, or (c) prior to receipt of Partnership Approval, EQM is in Willful Breach (as defined in the EQM Merger Agreement) of its obligations set forth under the non-solicitation provisions of the EQM Merger Agreement; provided Equitrans Midstream shall not have the right to terminate if Equitrans Midstream, EQM LP or Merger Sub are in material breach of any of its representations, warranties, covenants or agreements contained in the EQM Merger Agreement. The EQM Merger Agreement contains provisions granting EQM the right to terminate the EQM Merger Agreement if (a) Equitrans Midstream has breached or failed to perform its representations, warranties, covenants or agreements set forth in the EQM Merger Agreement, which breach or failure (1) would give rise to a failure of certain of the conditions to EQM's obligations to consummate the Transactions under the EQM Merger Agreement and (2) is incapable of being cured or is not cured within the earlier of 30 days of written notice of such breach or failure by EQM, provided EQM shall not have the right to terminate if EQM or the EQM General Partner is in material breach of any of its representations, warranties, covenants or agreements contained in the EQM Merger Agreement or (b) prior to receipt of the Partnership Approval (as defined in the EQM Merger Agreement), in order to enter into an agreement providing for a Superior Proposal (as defined in the EQM Merger Agreement). Upon termination of the EQM Merger Agreement under certain circumstances, EQM will be obligated to (i) pay Equitrans Midstream a termination fee equal to $36.5 million and/or (ii) reimburse Equitrans Midstream for its expenses in an amount not to exceed $10 million. The EQM Merger Agreement also provides that upon termination of the EQM Merger Agreement under certain circumstances, Equitrans Midstream will be obligated to reimburse EQM for its expenses in an amount not to exceed $10 million.

EQT Global GGA

On February 26, 2020 (the EQT Global GGA Effective Date), a subsidiary of EQM, entered into a Gas Gathering and Compression Agreement (the EQT Global GGA) with EQT and certain affiliates of EQT for the provision by EQM of gas gathering services to EQT in the Marcellus and Utica Shales of Pennsylvania and West Virginia. Effective as of the EQT Global GGA Effective Date, EQT will be subject to an initial annual minimum volume commitment of 3.0 Bcf per day. The EQT Global GGA runs from the EQT Global GGA Effective Date through December 31, 2035, and will renew year to year thereafter unless terminated by EQT or EQM. Pursuant to the EQT Global GGA, EQM will have certain obligations to build additional connections to connect additional EQT wells to its gathering system, which are subject to geographical limitations in relation to the dedicated area in Pennsylvania and West Virginia, as well as the distance to EQM's then-existing gathering system. In addition to the fees related to gathering services, the EQT Global GGA provides for potential cash bonus payments payable by EQT to EQM during the period beginning on the in-service date of the MVP until the earlier of (i) 36 months following the in-service date of the MVP or (ii) December 31, 2024. The potential cash bonus payments are conditioned upon the quarterly average of the NYMEX Henry Hub Natural Gas Spot Price exceeding certain price thresholds.

Following the MVP in-service date, the gathering fees payable by EQT to EQM (or its affiliates) set forth in the EQT Global GGA are subject to potential reductions for certain contract years set forth in the EQT Global GGA, conditioned upon the in-service date of the MVP, which provide for estimated aggregate fee relief of $270 million in the first year after the in-service date of the MVP, $230 million in the second year after the in-service date of the MVP, and $35 million in the third year after the in-service date of the MVP. In addition, if the MVP in-service date has not occurred by January 1, 2022, EQT has an option, exercisable for a period of twelve months, to forgo $145 million of the gathering fee relief in the first year after the MVP in-service date and $90 million of the gathering fee relief in the second year after the MVP in-service date in exchange for a cash payment from EQM to EQT in the amount of approximately $196 million.

Credit Letter Agreement

On February 26, 2020, EQM and EQT entered into a letter agreement (the Credit Letter Agreement) pursuant to which, among other things, (a) EQM agreed to relieve certain credit posting requirements for EQT, in an amount up to approximately $250 million, under its commercial agreements with EQM, subject to EQT maintaining a minimum credit rating from two of three rating agencies of (i) Ba3 with Moody's, (ii) BB- with S&P and (iii) BB- with Fitch and (b) EQM agreed to use commercially reasonable good faith efforts to negotiate similar credit support arrangements for EQT in respect of its commitments to the MVP Joint Venture.

Water Services Letter Agreement

On February 26, 2020, EQM entered into a letter agreement with EQT, pursuant to which EQT agreed to utilize EQM for the provision of water services under one or more water services agreements (the Water Services Letter Agreement). The Water Services Letter Agreement is effective as of the first day of the first month following the MVP in-service date and shall expire on the fifth anniversary of such date. During each year of the Water Services Letter Agreement, EQT agreed that fees incurred to EQM for services pursuant to the Water Services Letter Agreement shall be equal to or greater than $60 million per year.

Intercompany Loan Agreement

Equitrans Midstream intends to enter into a senior unsecured term loan agreement (the Intercompany Loan Agreement) by and among EQM, as lender, and Equitrans Midstream, as borrower, pursuant to which Equitrans Midstream will borrow the stated principal amount of $650 million (the Intercompany Loan) from EQM. The Intercompany Loan Agreement is expected to close in early March 2020 and has an anticipated maturity date in March 2023. It is anticipated that EQM will have the option to accelerate the maturity of the Intercompany Loan upon Equitrans Midstream's failure to pay interest and other obligations as they become due (subject to certain specified grace periods) and upon other customary events of default. It is anticipated that interest on the Intercompany Loan thereunder will accrue and will be payable semi-annually in arrears starting in September 2020 at an interest rate of 7.0% per annum, subject to an additional 2.0% per annum during the occurrence and continuance of certain events of default. The Intercompany Loan Agreement is expected to contain certain customary representations and covenants, including a limitation on indebtedness, subject to certain exceptions to be enumerated therein. Equitrans Midstream is expected to have the option to prepay the Intercompany Loan in whole or in part at any time without premium or penalty, but will not be able to reborrow any Intercompany Loan prepaid. EQM expects to borrow under its $3 Billion Facility (as defined in Note 12) in order to source funds for making the loan to Equitrans Midstream in connection with the Intercompany Loan Agreement.

Preferred Restructuring Agreement

On February 26, 2020, Equitrans Midstream and EQM entered into a Preferred Restructuring Agreement (the Restructuring Agreement) with all of the holders of Series A Preferred Units (collectively, the Investors), pursuant to which (i) EQM will redeem $600 million of the Investor's Series A Preferred Units issued and outstanding immediately prior to the effective time of the Restructuring Agreement and (ii) the remaining portion of the Series A Preferred Units issued and outstanding immediately prior to the effective time of the Restructuring Agreement will be exchanged for Equitrans Midstream Preferred Shares on a one for one basis (the Equitrans Midstream Private Placement), in each case, in connection with the occurrence of the "Series A Change of Control" (as defined in the Partnership Agreement) that will occur upon the closing of the EQM Merger (the Restructuring). The Equitrans Midstream Preferred Shares to be issued in the Equitrans Midstream Private Placement have not been registered under the Securities Act of 1933, as amended (the Securities Act), in reliance upon the exemption provided in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

The Restructuring is expected to close substantially concurrent with the closing of the EQM Merger (the Restructuring Closing), subject to the delivery of certain closing deliverables and certain closing conditions, including, among others: (i) the continued accuracy of the representations and warranties contained in the Restructuring Agreement; (ii) the performance by each party of its respective obligations under the Restructuring Agreement; (iii) the absence of any suit, action or proceeding by any governmental authority restraining, precluding, enjoining or prohibiting the Restructuring; (iv) the closing of the EQM Merger either prior to or concurrently with the Restructuring Closing; and (v) the execution of certain agreements and delivery of certain documents related to the Restructuring, including the certificate of designations to be filed by Equitrans Midstream with the Pennsylvania Department of State at the Restructuring Closing (the Certificate of Designations) and a registration rights agreement to be entered into by and among Equitrans Midstream and the Investors (the Registration Rights Agreement), each in substantially the form attached as an exhibit to the Restructuring Agreement.

Pursuant to the Restructuring Agreement, in connection with the Restructuring Closing, Equitrans Midstream will file the Certificate of Designations with the Pennsylvania Department of State in substantially the form attached as an exhibit to the Restructuring Agreement to, among other things, authorize and establish the designations, rights and preferences of the Equitrans Midstream Preferred Shares.

The Equitrans Midstream Preferred Shares are a new class of security that will rank pari passu with any other outstanding class or series of preferred stock of Equitrans Midstream and senior to Equitrans Midstream common stock with respect to dividend rights and rights upon liquidation. The Equitrans Midstream Preferred Shares will vote on an as-converted basis with the Equitrans Midstream common stock and will have certain other class voting rights with respect to any amendment to the Certificate of Designations or Equitrans Midstream's articles of incorporation that would be adverse (other than in a de minimis manner) to any of the rights, preferences or privileges of the Equitrans Midstream Preferred Shares.

The holders of the Equitrans Midstream Preferred Shares will receive cumulative quarterly dividends at a rate per annum of 9.75% for each quarter ending on or before March 31, 2024, and thereafter the quarterly dividends at a rate per annum equal to the sum of (i) three-month LIBOR as of a LIBOR Determination Date (as defined in the Certificate of Designation) in respect of the applicable quarter and (ii) 8.15%; provided that the rate per annum shall not be less than 10.50%. Equitrans Midstream will not be entitled to pay any dividends on any junior securities, including any of the Equitrans Midstream common stock, prior to paying the quarterly dividends payable to the Equitrans Midstream Preferred Shares, including any previously accrued and unpaid dividends.

Each holder of the Equitrans Midstream Preferred Shares may elect to convert all or any portion of the Equitrans Midstream Preferred Shares owned by it into Equitrans Midstream common stock initially on a one-for-one basis, subject to certain anti-dilution adjustments and an adjustment for any dividends that have accrued but not been paid when due and partial period dividends (referred to as the "conversion rate"), at any time (but not more often than once per fiscal quarter) after April 10, 2021 (or earlier liquidation, dissolution or winding up of Equitrans Midstream), provided that any conversion is for at least $20 million (calculated based on the closing price of the Equitrans Midstream Preferred Shares on the trading day preceding notice of the conversion) or such lesser amount if such conversion relates to all of a holder's remaining Equitrans Midstream Preferred Shares.

Equitrans Midstream may elect to convert all or any portion of the Equitrans Midstream Preferred Shares for Equitrans Midstream common stock at any time (but not more often than once per quarter) after April 10, 2021 if (i) the Equitrans Midstream common stock is listed for, or admitted to, trading on a national securities exchange, (ii) the closing price per share of Equitrans Midstream common stock on the national securities exchange on which such shares are listed for, or admitted to, trading exceeds 140% of the price at which the Equitrans Midstream Preferred Shares were issued (the Equitrans Midstream Preferred Shares Issue Price) for the 20 consecutive trading days immediately preceding notice of the conversion, (iii) the average daily trading volume of the Equitrans Midstream common stock on the national securities exchange on which the Equitrans Midstream common stock is listed for, or admitted to, trading exceeds 1,000,000 shares of Equitrans Midstream common stock for the 20 consecutive trading days immediately preceding notice of the conversion, (iv) Equitrans Midstream has an effective registration statement on file with the Securities and Exchange Commission covering resales of the shares of Equitrans Midstream common stock to be received by such holders upon any such conversion and (v) Equitrans Midstream has paid all accrued quarterly dividends in cash to the holders.

Upon certain events involving a Change of Control (as defined in the Certificate of Designations) in which more than 90% of the consideration payable to the holders of the Equitrans Midstream common stock is payable in cash, the Equitrans Midstream Preferred Shares will automatically convert into Equitrans Midstream common stock at a conversion ratio equal to the Equitrans Midstream Preferred Shares Issue Price multiplied by 110% plus any unpaid dividends on such date and any partial period dividend with respect to the Equitrans Midstream Preferred Shares for the quarter in which the conversion occurs, divided by (ii) the Equitrans Midstream Preferred Shares Issue Price.

In connection with other Change of Control events that do not satisfy the 90% cash consideration threshold described above, in addition to certain other conditions, each holder of Equitrans Midstream Preferred Shares may elect to (a) convert all, but not less than all, of its Equitrans Midstream Preferred Shares into Equitrans Midstream common stock at the then applicable conversion rate, (b) if Equitrans Midstream is not the surviving entity (or if Equitrans Midstream is the surviving entity, but the Equitrans Midstream common stock will cease to be listed), require Equitrans Midstream to use commercially reasonable efforts to cause the surviving entity in any such transaction to issue a substantially equivalent security (or if Equitrans Midstream is unable to cause such substantially equivalent securities to be issued, to convert into shares of Equitrans Midstream common stock at a premium of 110% of the Equitrans Midstream Preferred Shares Issue Price), (c) if Equitrans Midstream is the surviving entity, continue to hold the Equitrans Midstream Preferred Shares or (d) require Equitrans Midstream to redeem the Equitrans Midstream Preferred Shares at a price per share equal to 101% of the Equitrans Midstream Preferred Shares Issue Price, plus accrued and unpaid dividends on the applicable Equitrans Midstream Preferred Shares and any partial period dividends for the quarter in which the redemption occurs, which redemption price may be payable in cash, Equitrans Midstream common stock or a combination thereof at the election of the Board (and, if payable in Equitrans Midstream common stock, such Equitrans Midstream common stock will be issued at 95% of the VWAP of the Equitrans Midstream common stock for the 20-day period ending on the fifth trading day immediately preceding the consummation of the Change of Control). Any holder of Equitrans Midstream Preferred Shares that requires Equitrans Midstream to redeem its

Equitrans Midstream Preferred Shares pursuant to clause (d) above will have the right to withdraw such election with respect to all, but not less than all, of its Equitrans Midstream Preferred Shares at any time prior to the fifth trading day immediately preceding the consummation of the Change of Control and instead elect to be treated in accordance with any of clauses (a), (b) or (c) above.

At any time on or after January 1, 2024, Equitrans Midstream will have the right to redeem Equitrans Midstream Preferred Shares, in whole or in part, by paying cash for each Equitrans Midstream Preferred Share to be redeemed in an amount equal to the greater of (a) the sum of (i) (1) the Equitrans Midstream Preferred Shares Issue Price multiplied by (2) 110%, plus (ii) any unpaid dividends on such date and any partial period dividend with respect to the Equitrans Midstream Preferred Shares for the quarter in which the conversion occurs and (b) the amount the holder of such Equitrans Midstream Preferred Share would receive if such holder had converted such Equitrans Midstream Preferred Share into shares of Equitrans Midstream common stock at the applicable conversion ratio and Equitrans Midstream liquidated immediately thereafter.

Pursuant to the terms of the Restructuring Agreement, in connection with the Restructuring Closing, Equitrans Midstream has agreed to enter into the Registration Rights Agreement pursuant to which, among other things, Equitrans Midstream will give the Investors certain rights to require Equitrans Midstream to file and maintain one or more registration statements with respect to the resale of the Equitrans Midstream Preferred Shares and the shares of Equitrans Midstream common stock that are issuable upon conversion of the Equitrans Midstream Preferred Shares, and to require Equitrans Midstream to initiate underwritten offerings for the Equitrans Midstream Preferred Shares and the shares of Equitrans Midstream common stock that are issuable upon conversion of the Equitrans Midstream Preferred Shares.

Amendment to Agreement of Limited Partnership

On February 26, 2020, the board of directors of the EQM General Partner approved and adopted the Second Amendment (the Amendment) to the Partnership Agreement to allow EQM to lend funds to Equitrans Midstream on terms and conditions approved by the EQM General Partner. The Amendment permits EQM to (i) assume the Rate Relief Note (as defined below) and (ii) enter into the Intercompany Loan.

Share Purchase Agreements

On February 26, 2020, Equitrans Midstream entered into two share purchase agreements (the Share Purchase Agreements) with EQT, pursuant to which (i) Equitrans Midstream will purchase 4,769,496 shares of Equitrans Midstream common stock (the Cash Shares) from EQT in exchange for approximately $46 million in cash, (ii) Equitrans Midstream will purchase 20,530,256 shares of Equitrans Midstream common stock (the Rate Relief Shares and, together with the Cash Shares, the Share Purchases) from EQT in exchange for a promissory note (the Rate Relief Note) representing approximately $196 million in aggregate principal amount, and (iii) Equitrans Midstream will pay to EQT cash in the amount of approximately $7 million. At the Share Purchase Closing (as defined below), EQT will assign the Rate Relief Note to EQM as consideration for certain commercial terms, including potential reductions in the gathering fees, contemplated in the EQT Global GGA.

The Share Purchase Agreements contain certain representations, warranties, covenants and conditions to closing. The transactions contemplated by the Share Purchase Agreements are expected to close in early March 2020 (the Share Purchase Closing).

At the Share Purchase Closing, Equitrans Midstream intends to use borrowings under the Intercompany Loan to fund the purchase of the Cash Shares contemplated by the Share Purchase Agreements. Additionally, at the Share Purchase Closing, Equitrans Midstream will issue the Rate Relief Note to EQT in exchange for the Rate Relief Shares, and EQT will immediately thereafter assign the Rate Relief Note to EQM.

The interest rate for the Rate Relief Note will be fixed at 7.0% per annum and interest payments will be due semi-annually in arrears commencing on the earlier of (i) March 31, 2022 and (ii) the MVP in-service date. The Rate Relief Note will mature on February 29, 2024. The holder of the Rate Relief Note will be able to accelerate amounts payable under the Rate Relief Note upon Equitrans Midstream’s failure to pay debts as they become due and other customary events of default. Equitrans Midstream will be able to prepay the Rate Relief Note in whole or in part at any time without premium or penalty.

On February 27, 2020, EQM announced its intention to reduce its quarterly distribution from $1.16 per unit to $0.3875 per unit, a decrease of approximately 67% per unit, in connection with the EQM Merger, commencing with the first quarter 2020 distribution.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable.

Item 9A. 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

As noted under “Management’s Report on Internal Control over Financial Reporting,” management’s assessment of, and conclusion on, the effectiveness of internal control over financial reporting did not include the internal controls of the entities acquired in the Bolt-on Acquisition on April 10, 2019. Under guidelines established by the SEC, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company.

Except as noted above, 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 fourth quarter of 2019 that have materially affected, or are reasonably likely to materially affect, EQM's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

The management of the EQM General Partner is responsible for establishing and maintaining adequate internal control over financial reporting. EQM's internal control system is designed to provide reasonable assurance to the management and the Board regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Accordingly, even effective controls can provide only reasonable assurance with respect to financial statement preparation and presentation.

The management of the EQM General Partner assessed the effectiveness of EQM's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on this assessment, management concluded that EQM maintained effective internal control over financial reporting as of December 31, 2019. Management’s assessment of, and conclusion on, the effectiveness of internal control over financial reporting did not include the internal controls of the entities acquired in the Bolt-on Acquisition on April 10, 2019, which are included in the 2019 consolidated financial statements of EQM and constituted approximately 14% and 23% of total and net assets, respectively, as of December 31, 2019 and 6% of revenues for the year then ended.

Ernst & Young LLP (Ernst & Young), the independent registered public accounting firm that audited EQM's consolidated financial statements, has issued an attestation report on EQM's internal control over financial reporting. Ernst & Young's attestation report on EQM's internal control over financial reporting appears in Part II, Item 8 of this Annual Report on Form 10-K and is incorporated by reference herein.

Item 9B. Other Information

Not Applicable.

PART III

Unless the context otherwise requires, references to "EQM" refer to EQM Midstream Partners, LP and its subsidiaries. EQM's general partner, EQGP Services, LLC (the EQM General Partner), is an indirect wholly owned subsidiary of Equitrans Midstream Corporation. Prior to the completion of the EQM IDR Transaction, EQM's general partner was EQM Midstream Services, LLC (the Former EQM General Partner), an indirect wholly owned subsidiary of Equitrans Midstream. References to "EQT" refer to EQT Corporation and its consolidated subsidiaries, which was the ultimate parent company of EQM and the EQM General Partner prior to the Separation. On January 10, 2019, Equitrans Midstream acquired 100% of the limited partner interests in EQGP Holdings, LP (EQGP) not owned by Equitrans Midstream and its affiliates (the EQGP Buy-out). Following the EQGP Buy-out, EQGP was a wholly owned subsidiary of Equitrans Midstream. References to "Equitrans Midstream" refer to Equitrans Midstream Corporation and its consolidated subsidiaries, excluding EQM. For periods prior to consummation of the EQM IDR Transaction, references to the "EQGP General Partner" refer to EQGP Services, LLC, which is the former general partner of EQGP and the current general partner of EQM following the completion of the EQM IDR Transaction.

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers of the EQM General Partner

EQM is managed and operated by the directors and officers of the EQM General Partner. Through its ownership and control of the EQM General Partner, Equitrans Midstream appoints the directors of the EQM General Partner. Unitholders are not entitled to elect the directors of the EQM General Partner or directly or indirectly participate in EQM's management or operations. The Board has seven directors, of which three members are independent as defined under the independence standards established by the NYSE and the Exchange Act. The NYSE does not require a publicly traded limited partnership like EQM to have a majority of independent directors on the board of directors of its general partner or to establish a compensation or a nominating and corporate governance committee.

Executive officers of the EQM General Partner manage the day-to-day affairs of EQM's business and conduct EQM's operations. All of the executive officers of the EQM General Partner are employees of Equitrans Midstream and devote such portion of their productive time to EQM's business and affairs as is required to manage and conduct EQM's operations. Pursuant to the terms of the omnibus agreement among EQM, the EQM General Partner and Equitrans Midstream, EQM is required to reimburse Equitrans Midstream for (i) allocated expenses of personnel who perform services for EQM's benefit, and (ii) allocated general and administrative expenses. Please read "Item 13. Certain Relationships and Related Transactions, and Director Independence — Agreements with Equitrans Midstream — Omnibus Agreement."

The executive officers and directors of the EQM General Partner as of February 27, 2020 are as follows:

Name	Age	Position with EQM Midstream Services, LLC
M.A. Bryson	73	Director (independent)
K.M. Burke	70	Director (independent)
D.M. Charletta	47	Director, President and Chief Operating Officer
R.J. Cooper	58	Director
T.F. Karam	61	Chairman and Chief Executive Officer
K.R. Oliver	62	Director, Senior Vice President and Chief Financial Officer
B.P. Pietrandrea	45	Vice President and Chief Accounting Officer
L.E. Washington	52	Director (independent)

Mr. Bryson was appointed as a director of the Former EQM General Partner in May 2012 and the EQM General Partner following the completion of the EQM IDR Transaction. He also serves as the Chair of its Audit Committee, a member of its Conflicts Committee and the presiding director of the Board, positions he also held with the Former EQM General Partner. Mr. Bryson retired in June 2008 as Executive Vice President of The Bank of New York Mellon Corporation, a financial services firm. He obtained such position in July 2007 following the merger of Mellon Financial Corporation and The Bank of New York. Prior to the merger, Mr. Bryson served in various senior management positions over a 33-year career with Mellon Financial Corporation, including his service as Executive Vice President and Chief Financial Officer from December 2001 to June 2007.

Mr. Bryson brings to the Board over three decades of management and financial experience, having served as Treasurer and Chief Financial Officer of a large publicly traded financial institution. In these roles, Mr. Bryson obtained a wealth of

experience related to financial statement preparation, auditing and accounting matters, financial markets, financing transactions and investor relations.

Mr. Burke was appointed as a director of the Former EQM General Partner in September 2018 and maintained such role following the completion of the EQM IDR Transaction. He serves as a member of the EQM General Partner's Audit Committee, a position he also held with the Former EQM General Partner. In October 2018, Mr. Burke was appointed to the board of Equitrans Midstream and also serves as the Chair of its Audit Committee. Mr. Burke also served as a director of the EQGP General Partner from September 2018 until the consummation of the EQGP Buy-out, a member of its Audit Committee from September 2018 through November 2018, and as Chair of its Audit Committee from November 2018 through the consummation of the EQGP Buy-out. Mr. Burke served as a director of EQT from January 2012 through the Separation.

Mr. Burke brings over three decades of experience focused on the energy industry, primarily oil and gas. Mr. Burke spent most of his career serving as a partner with Ernst & Young LLP (Big Four accounting firm) (Ernst & Young), retiring from that position in June 2004. At EY, among other leadership positions, he served as National Energy Industry Director and Partner-in-Charge of the Houston Energy Services Group. He also co-authored the book "Oil and Gas Limited Partnerships: Accounting, Reporting and Taxation." During his years at Ernst and Young, Mr. Burke served as audit partner for numerous companies in the oil and gas industry.

Mr. Burke also has substantial experience as a director of both public and private companies at which he has served on and chaired a number of committees. In addition to his service on the EQT board of directors, from March 2005 through August 2011, Mr. Burke was a member of the board of directors of Trico Marine Services, Inc. (provider of subsea trenching and marine support vessels and services), serving as the Chairman of its Audit Committee and as a member of its Nominating and Governance Committee. From December 2006 through May 2011, Mr. Burke also served as a director of Pride International, Inc. (offshore drilling contractor) (now part of Ensco plc), where he was the Chairman of its Nominating and Governance Committee and a member of its Audit and Compensation Committees. He also served as a director of Nexeo Solutions, Inc. (chemical and plastics distribution) (Nexeo) from November 2011 until February 2019 and served as the Chair of its Audit Committee.

Ms. Charletta was appointed as Executive Vice President, Chief Operating Officer and a director of the Former EQM General Partner in October 2018 and, in the case of the EQM General Partner, maintained these same positions with the EQM General Partner following the completion EQM IDR Transaction. In July 2019 she was appointed President of the EQM General Partner. Ms. Charletta was appointed Executive Vice President and Chief Operating Officer of Equitrans Midstream in September 2018 and, in July 2019, she was appointed as President of Equitrans Midstream. She also served as the Executive Vice President, Chief Operating Officer and a director of the EQGP General Partner from October 2018 through the consummation of the EQGP Buyout. Prior to the Separation, Ms. Charletta served as Senior Vice President of a subsidiary of EQT since February 2003, at which she had principal responsibility for EQT's midstream engineering and construction operations. Her career has been on both sides of the natural gas industry - first as a production engineer and now as a senior executive for midstream operations.

Ms. Charletta brings to the Board extensive experience in the energy industry combined with a wealth of experience related to the pipeline operations of EQM gained through her career with EQT prior to the Separation, as well as an in depth understanding of EQM's culture.

Mr. Cooper was appointed as a director of the Former EQM General Partner in January 2019 and was appointed a director of the EQM General Partner following the completion of the EQM IDR Transaction. In July 2019, Mr. Cooper was appointed Senior Vice President, Construction Services at Equitrans Midstream. Mr. Cooper served as Senior Vice President, MVP Engineering and Construction for Equitrans Midstream from September 2018 to July 2019. Prior to the Separation, Mr. Cooper held various roles of increasing responsibility from the time he joined EQT in 2003. In 2014, Mr. Cooper was promoted to Senior Vice President of Midstream Engineering and Construction of a subsidiary of EQT. He became Senior Vice President of Midstream Engineering, Construction and Land of that EQT subsidiary in late 2016, and assumed the role of Senior Vice President, MVP Engineering and Construction of that subsidiary in 2017, a role he held up to the Separation.

Mr. Cooper brings to the Board over 30 years of engineering, construction and other operational expertise in the energy industry and a deep understanding of the operations and culture of EQM.

Mr. Karam was appointed as a director and as President and Chief Executive Officer of the Former EQM General Partner in August 2018 and assumed the role of Chairman of the Board in October 2018. Mr. Karam remained in these positions with the EQM General Partner following the completion EQM IDR Transaction (except that in July 2019 Ms. Charletta assumed the role of President of the EQM General Partner). In September 2018, he was appointed President and Chief Executive Officer of Equitrans Midstream and was appointed to the board of Equitrans Midstream in November 2018 upon the Separation. In July 2019, Mr. Karam assumed the role of Chairman and retained the role of Chief Executive Officer of Equitrans Midstream while

Ms. Charletta assumed the role of President. Mr. Karam served as the President and Chief Executive Officer and a director of the EQGP General Partner from August 2018 through the EQGP Buyout and chairman of the board from October 2018 through the EQGP Buyout. He served as Senior Vice President and President, Midstream, of EQT from August 2018 until the Separation in November 2018. Mr. Karam also served on EQT's board of directors from November 2017 until the Separation.

Mr. Karam brings to the Board extensive business and executive experience. He has been a senior executive and entrepreneur in the midstream energy sector for more than 25 years. He is the founder and served as chairman of Karbon Partners, LLC, which invests in, owns, constructs, and operates midstream energy assets, from April 2017 to August 2018. Mr. Karam previously served as the founder, chairman and chief executive officer of PennTex Midstream Partners, LLC (PennTex), a publicly traded master limited partnership with operations in North Louisiana and the Permian Basin from 2014 until its sale to Energy Transfer Partners in 2016. Preceding PennTex, he was the founder, chairman and chief executive officer of Laser Midstream Partners, LLC, one of the first independent natural gas gathering systems in the northeast Marcellus Shale, from 2010 until 2012 when it was acquired by Williams Partners. Prior to Laser, Mr. Karam was the president, chief operating officer and director of Southern Union Company, where he led its successful transformation from a large LDC company to one of the largest pipeline companies in the United States at the time.

Prior to Southern Union Company, Mr. Karam was the president and chief executive officer of Pennsylvania Enterprises and PG Energy, a natural gas utility in central and northeastern Pennsylvania until its acquisition by Southern Union Company. Mr. Karam began his professional career in investment banking with Legg Mason Inc. and Thomson McKinnon.

Mr. Oliver was appointed as Senior Vice President, Chief Financial Officer and a director of the Former EQM General Partner in October 2018 and maintained the same positions with EQM General Partner following the completion of the EQM IDR Transaction. Mr. Oliver was appointed Senior Vice President and Chief Financial Officer for Equitrans Midstream in September 2018. He also served as the senior vice president, chief financial officer and a director of the EQGP General Partner from October 2018 through the EQGP Buyout. Prior to joining Equitrans Midstream, he was Chief Financial Officer for UGI Corporation, which distributes, stores and markets energy products and related service, from October 2012 through May 2018. Mr. Oliver has a well-rounded and in-depth financial background, including more than 10 years as a public company chief financial officer with responsibility for accounting, audit, budgeting, investor relations, tax, treasury, and risk management. With decades of work in the energy sector, he has extensive experience in capital markets and bank financing, restructuring activities, mergers and acquisitions, financial controls and processes, productivity improvements, as well as organizational change.

Mr. Oliver began his professional career as an engineer in 1981 with Motorola, Inc., and in 1987, he made the move to the financial sector, joining Lehman Brothers as an associate working in the Global Power & Energy Group where he managed the firm's relationships with major power and energy companies. During his 11-year tenure with Lehman, his responsibilities included various investment banking transactions, equity and debt issuances, and mergers & acquisitions advisory; he was promoted to vice president in 1991 and to senior vice president in 1994. In 1998, Mr. Oliver joined TXU Corp as vice president, treasurer, and assistant secretary where he led the successful development and execution of a strategy to restructure the company, rationalize assets, strengthen the balance sheet, and restore investor confidence. He became senior vice president of finance in 2000 and was promoted to executive vice president and chief financial officer in 2004. Mr. Oliver worked as a consultant and senior executive for Hunt Power, L.L.C. from 2006-2008; he then became senior vice president and chief financial officer for Allegheny Energy, Inc. from 2008-2011, during which time he realigned reporting segments, streamlined the investor relations disclosure reporting, and helped to implement several transactions, including the merger with FirstEnergy.

Mr. Oliver brings to the Board extensive public company financial expertise and extensive experience in the energy sector.

Mr. Pietrandrea was appointed as Controller of the EQM General Partner in July 2019 and assumed the role of Vice President and Chief Accounting Officer in August 2019. He was appointed Vice President and Chief Accounting of Equitrans Midstream in August 2019, after serving as controller of certain subsidiaries of Equitrans Midstream since the Separation on November 12, 2018. Prior to joining Equitrans Midstream, Mr. Pietrandrea served in various roles of increasing responsibility at a subsidiary of EQT, including Director, Partnership Accounting and Reporting, from October 2013 through February 2017, Controller, from March 2017 through February 2018, and Vice President and Controller, from March 2018 through the Separation.

Ms. Washington was appointed as a director of the Former EQM General Partner in February 2013 and remained a director of the EQM General Partner following the completion of the EQM IDR Transaction. She also serves as the Chair of its Conflicts Committee and a member of its Audit Committee, roles she also performed for the Former EQM General Partner. Ms. Washington is currently President of the Allegheny County Rehabilitation Corporation (AHRCO), a privately held residential property management company serving Western Pennsylvania. She obtained such position in May 2008. Ms. Washington joined AHRCO in 2001 as Vice President of Development. Prior to joining AHRCO, Ms. Washington was a senior consultant with PricewaterhouseCoopers, LLP.

Ms. Washington's service as President of a private company provides significant senior management, leadership and financial experience. Ms. Washington utilizes her broad business experience to provide valuable insights with respect to general business and management issues facing EQM.

Meetings of Non-Management Directors and Communications with Directors

At least annually, the independent directors of the EQM General Partner meet in executive session without management participation or participation by non-independent directors. Mr. Bryson, as the Chairman of the Audit Committee, serves as the presiding director for such executive sessions. The presiding director may be contacted by mail or courier service c/o EQGP Services, LLC, 2200 Energy Drive, Canonsburg, Pennsylvania 15317, Attn: Presiding Director or by email at EQMPresidingDirector@equitransmidstream.com.

Committees of the Board of Directors

The Board has two standing committees: an Audit Committee and a Conflicts Committee. The NYSE does not require a publicly traded limited partnership like EQM to have a majority of independent directors on the board of directors of its general partner or to establish a compensation or a nominating and corporate governance committee.

Audit Committee

The EQM General Partner is required by the NYSE to have an Audit Committee of at least three members and all of the Audit Committee members must meet the independence and experience requirements established by the NYSE and the Exchange Act.

The Audit Committee consists of Messrs. Bryson (Chair) and Burke and Ms. Washington. Each member of the Audit Committee satisfies the independence requirements established by the NYSE and the Exchange Act and is financially literate. Additionally, the Board has determined that each member of the Audit Committee qualifies as an "audit committee financial expert" as such term is defined under the SEC's regulations. This designation is a disclosure requirement of the SEC related to each Audit Committee member's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon the Audit Committee members any duties, obligations or liabilities that are greater than those generally imposed on them as members of the Audit Committee and the Board. As audit committee financial experts, each member of the Audit Committee also has the accounting or related financial management expertise required by the NYSE rules.

The Audit Committee assists the Board in its oversight of the integrity of EQM's financial statements and compliance with legal and regulatory requirements and corporate controls. The Audit Committee has the sole authority to retain and terminate EQM's independent registered public accounting firm, approve all auditing services and related fees and the terms thereof, and pre-approve any non-audit services to be rendered by EQM's independent registered public accounting firm. The Audit Committee is also responsible for confirming the independence and qualifications of EQM's independent registered public accounting firm.

Conflicts Committee

The Conflicts Committee consists of Ms. Washington (Chair) and Mr. Bryson. The Conflicts Committee, upon request by the EQM General Partner, determines whether certain transactions, which may be deemed conflicts of interest, are in the best interests of EQM and its unitholders. EQM's partnership agreement does not require that the EQM General Partner seek the approval of the Conflicts Committee for the resolution of any conflict. The members of the Conflicts Committee may not be officers or employees of the EQM General Partner or directors, officers or employees of its affiliates, may not hold an ownership interest in the EQM General Partner or its affiliates other than EQM common units or awards under any long-term incentive plan, equity compensation plan or similar plan implemented by the EQM General Partner or EQM, and must meet the independence standards established by the NYSE and the Exchange Act to serve on the Audit Committee. Any matters approved by the Conflicts Committee in good faith will be deemed to be approved by all of EQM's partners and not a breach by the EQM General Partner of any duties it may owe EQM or its unitholders. Any unitholder challenging any matter approved by the Conflicts Committee will have the burden of proving that the members of the Conflicts Committee did not subjectively believe that the matter was in the best interests of EQM. Moreover, any acts taken or omitted to be taken in reliance upon the advice or opinions of experts such as legal counsel, accountants, appraisers, management consultants and investment bankers, where the EQM General Partner (or any members of the Board including any member of the Conflicts Committee) reasonably believes the advice or opinion to be within such person's professional or expert competence, shall be conclusively presumed to have been done or omitted in good faith.

Governance Principles

EQM has adopted a code of business conduct and ethics applicable to all directors, officers, employees, and other personnel of EQM and its subsidiaries, as well as EQM's suppliers, vendors, agents, contractors and consultants. The code of business conduct and ethics, along with EQM's corporate governance guidelines and Audit Committee charter, are posted on EQM's website, *www.eqm-midstreampartners.com* (accessible under the "Governance" caption of the "Investors" page), and a printed copy of any of these documents will be delivered free of charge on request by writing to the Corporate Secretary of the EQM General Partner by mail or courier service c/o EQGP Services, LLC, 2200 Energy Drive, Canonsburg, Pennsylvania 15317, Attn: Corporate Secretary. EQM intends to satisfy the disclosure requirement regarding certain amendments to, or waivers from, provisions of its code of business conduct and ethics by posting such information on EQM's website.

Item 11. Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

EQM does not directly employ any of the persons responsible for managing its business. EQM is managed and operated by the directors and officers of the EQM General Partner. Equitrans Midstream employs and compensates all of the individuals who service EQM, including the executive officers of the EQM General Partner, and these individuals devote such portion of their productive time to EQM's business and affairs as is required to manage and conduct EQM's operations. EQM reimburses Equitrans Midstream for salaries, long- and short-term incentives and related benefits and expenses for the employees of Equitrans Midstream who provide services to EQM pursuant to the terms of the Equitrans Midstream Omnibus Agreement. Please see "Item 13. Certain Relationships and Related Transactions, and Director Independence - Agreements with Equitrans Midstream - Equitrans Midstream Omnibus Agreement."

This Compensation Discussion and Analysis (CD&A) describes the objectives, principles and components of Equitrans Midstream's compensation program as well as the material elements of the compensation for the EQM General Partner's named executive officers (NEOs).

2019 Named Executive Officers

As of December 31, 2019, the EQM General Partner's NEOs were:

- **Thomas F. Karam**, Chairman and Chief Executive Officer
- **Kirk R. Oliver**, Senior Vice President and Chief Financial Officer
- **Diana M. Charletta**, President and Chief Operating Officer
- **Brian P. Pietrandrea**, Vice President and Chief Accounting Officer

The EQM General Partner's NEOs serving at the end of 2019, Messrs. Karam, Oliver and Pietrandrea and Ms. Charletta, are also executive officers of Equitrans Midstream. This CD&A and the executive compensation tables in this Form 10-K also include Phillip D. Swisher, Former Vice President and Chief Accounting Officer of the EQM General Partner and Equitrans Midstream, who is required to be included as an NEO under the SEC rules. Mr. Swisher was not employed by Equitrans Midstream at December 31, 2019. We discuss certain aspects of Mr. Swisher's 2019 compensation in this CD&A and describe compensation received upon his departure from Equitrans Midstream in the section titled "Payments Upon Termination of Employment or Change of Control."

Neither EQM nor the EQM General Partner has a compensation committee. All decisions as to the compensation of the executive officers of the EQM General Partner are made by the Management Development and Compensation Committee of the Board of Directors of Equitrans Midstream (the Equitrans Midstream MDC Committee). Therefore, neither EQM nor the EQM General Partner has any policies or programs relating to compensation, and neither EQM nor the EQM General Partner makes decisions relating to compensation, though from time to time the Board of Directors of the EQM General Partner may be asked to approve awards granted under the Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan. The EQM General Partner expects any such future awards to be pre-approved by the Equitrans Midstream MDC Committee as part of the executive's total Equitrans Midstream compensation. None of the executive officers of the EQM General Partner have employment agreements with the EQM General Partner or EQM or are otherwise specifically compensated for their service as an executive officer of the EQM General Partner.

A discussion of Equitrans Midstream's compensation policies and programs as they apply to Equitrans Midstream's named executive officers will be included in Equitrans Midstream's Disclosure Document. Equitrans Midstream's Disclosure Document will also contain a discussion of the 2019 compensation of Messrs. Karam, Oliver and Pietrandrea and Ms. Charletta. A discussion of the

2019 compensation of Mr. Swisher is set forth below and was provided by Equitrans Midstream. Equitrans Midstream's Disclosure Document will be available upon its filing (expected no later than April 30, 2020) on the SEC's website at www.sec.gov and on Equitrans Midstream's website at www.equitransmidstream.com by clicking on the "Investors" link on the main page followed by the "Financial Filings" and "SEC Filings" links. Equitrans Midstream's Disclosure Document will also be available free of charge upon request by a unitholder to the Corporate Secretary of the EQM General Partner by mail or courier service c/o EQGP Services, LLC, 2200 Energy Drive, Canonsburg, Pennsylvania 15317, Attn: Corporate Secretary.

THE EQUITRANS MIDSTREAM COMPENSATION PROGRAM

The following discussion outlines the targeted 2019 executive compensation program and what Equitrans Midstream actually paid the EQM General Partner's NEOs (other than Mr. Swisher) for 2019 performance. A description of Mr. Swisher's 2019 compensation is addressed separately in this CD&A as he was not employed with Equitrans Midstream throughout the entirety of 2019.

Three Key Elements of Compensation

Equitrans Midstream's 2019 executive compensation program is based on three key elements of compensation: base salary, annual incentives (STIP) and long-term incentives (LTIP). The following discussion describes the Equitrans Midstream MDC Committee's decisions and actions relating to setting and paying each element for 2019.

2019 Base Salaries

The Equitrans Midstream Board, upon the recommendation of the Equitrans Midstream MDC Committee, approved the base salaries set forth below for each of the EQM General Partner's NEOs who are executive officers of Equitrans Midstream for 2019:

Name	Title	Base Salary
Thomas F. Karam	Chairman and Chief Executive Officer	$675,000
Kirk R. Oliver	Senior Vice President and Chief Financial Officer	$500,000
Diana M. Charletta	President and Chief Operating Officer	$450,000*
Brian P. Pietrandrea	Vice President and Chief Accounting Officer	$224,000*

* The Equitrans Midstream Board increased Ms. Charletta's annual base salary from $400,000 to $450,000 in July 2019 to reflect her additional responsibilities upon taking on the role as President in addition to continuing as Chief Operating Officer. Likewise, the Equitrans Midstream Board increased Mr. Pietrandrea's annual base salary from $205,000 to $224,000 to reflect his additional responsibilities upon taking on the role as Vice President and Chief Accounting Officer.

2019 Annual Incentives (STIP)

The Equitrans Midstream 2019 Short-Term Incentive Plan (STIP) focuses the Equitrans Midstream NEOs' attention on achieving key near-term goals that drive long-term performance for Equitrans Midstream. In 2019, the Equitrans Midstream STIP's performance goals and results were as shown:

Equitrans Midstream EBITDA 50% Weight			
Threshold ($ in billions)	Target ($ in billions)	Maximum ($ in billions)	2019 Results* ($ in billions)
$1.175	$1.263	$1.351	$1.271
50%	100%	200%	109%

* As provided under the STIP, the 2019 Results Equitrans Midstream EBITDA calculation excludes: (i) EBITDA and expenses related to 2019 acquisitions; and (ii) non-recurring, non-operational gains, losses and impairments. See Exhibit 99.1 to this Form 10-K for a reconciliation of Equitrans Midstream EBITDA to net income (loss), the most directly comparable GAAP financial measure.

Controllable Costs 25% Weight			
Threshold ($ in millions)	**Target ($ in millions)**	**Maximum ($ in millions)**	**2019 Results* ($ in millions)**
$364	$340	$316	$262
50%	100%	200%	200%

* Controllable Costs is calculated as the sum of Equitrans Midstream's Operating and maintenance expenses and Selling, general and administrative expenses. As provided under the STIP, the 2019 Results Controllable Costs excludes specified circumstances or events that occurred during the 2019 plan year, as described above.

HSE Metrics (25% Weight)				
Rate	**Threshold**	**Target**	**Maximum**	**2019 Results**
Incidents with Serious Potential Rate (10%)	1.91	1.56	1.22	0.81
Adjusted Incidents with Serious Potential Rate (5%)	If Actual Rate '0' - Matches Incidents with Serious Potential Incident Payout			0
Controllable Erosion and Sediment Rate (10%)	0.66	0.54	0.42	0.13
	50%	100%	200%	200%

- **Incidents with Serious Potential (ISP) Rate**: Measures events with precursors that can lead to serious injuries and fatalities.
- **Adjusted Incidents with Serious Potential Rate**: ISP rate is adjusted by the rate of Observation with Serious Potential (OSP). An OSP is an observation of an activity with precursors that has the potential to become an ISP before the event occurs.
- **Controllable Erosion and Sediment Rate**: Measures erosion and sediment incidents that are due to the fault of Equitrans Midstream, whether by design, construction or management.

This CD&A contains references to 2019 Equitrans Midstream EBITDA, a financial measure that has not been calculated in accordance with GAAP, which is also referred to as a non-GAAP supplemental financial measure. Attached as Exhibit 99.1 to this Form 10-K is a reconciliation of 2019 Equitrans Midstream EBITDA to 2019 Equitrans Midstream net income (loss), the most directly comparable GAAP financial measure, as well as other important disclosures regarding non-GAAP financial measures.

STIP Metrics

In designing the STIP for 2019, the Equitrans Midstream MDC Committee determined that Equitrans Midstream EBITDA, Controllable Costs and HSE performance metrics were key drivers to Equitrans Midstream's successful execution of its business.

Metric	What it Measures	What it Does
Equitrans Midstream EBITDA	Key business indicator used by management and Equitrans Midstream's investors to evaluate overall Equitrans Midstream performance.	✓ Rewards NEOs based on Equitrans Midstream's yearly financial results.
Controllable Costs	Evaluates how well Equitrans Midstream keeps costs in check.	✓ Focuses attention on expenses that can erode earnings and drives overall culture of cost control.
Health, Safety and Environmental	Sets stringent safety and environmental goals	✓ Promotes a culture where safety is embedded into all aspects of Equitrans Midstream's decision-making. ✓ Incentivizes risk and harm reduction.

Additional STIP Features

During 2019, the Equitrans Midstream MDC Committee approved a $1 million discretionary bonus pool under the STIP to provide additional payments for individuals demonstrating exceptional performance in connection with the Separation and other non-routine activities. None of the EQM General Partner's NEOs were eligible for the discretionary aspect of the STIP, except for Mr. Pietrandrea, who became an executive officer during 2019.

STIP payouts are prorated for the portion of the year an individual was employed and based on actual performance achievement. Additionally, in the event of death, disability, qualifying retirement or change in control of Equitrans Midstream, the STIP would provide a prorated payout but amounts would be forfeited in all other separation scenarios. The Equitrans Midstream MDC Committee has the authority to make exceptions to the treatment of payouts under the STIP.

2019 NEO STIP Opportunities and Payments

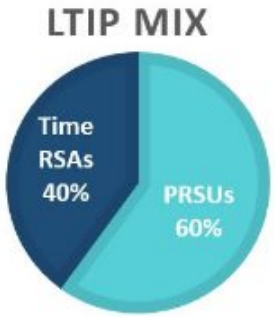
NEO	Threshold	Target	Maximum	2019 STIP Award Earned
Thomas F. Karam	$336,058	$672,115	$1,344,230	$1,035,057
Kirk R. Oliver	$225,001	$450,001	$900,002	$693,000
Diana M. Charletta	$208,381	$416,761	$833,522	$641,812
Brian P. Pietrandrea	$43,124	$86,248	$172,496	$165,400*

* Includes $32,579 discretionary bonus award.

Long-Term Incentive Program (LTIP)

The Equitrans Midstream LTIP aligns NEOs' interests with those of Equitrans Midstream's shareholders by providing the opportunity to earn incentive compensation based on Equitrans Midstream's long-term success.

Both time-based restricted stock awards (RSAs) and performance-based restricted stock units (PRSUs) awarded to Equitrans Midstream's NEOs are paid in Equitrans Midstream stock, further aligning their interests with those of Equitrans Midstream's shareholders.



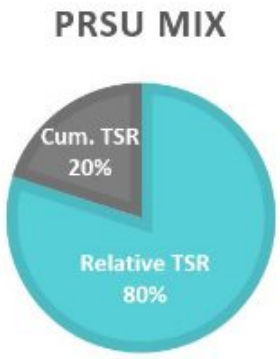
Time-Based RSAs

Equitrans Midstream's time-based RSAs issued under the 2019 LTIP program cliff-vest after three years of continuous service following the vesting commencement date, which was January 1, 2019. The grant of time-based RSAs helps align NEOs' interests with those of Equitrans Midstream's shareholders and provides a powerful retention incentive that assists Equitrans Midstream in maintaining continuity among its senior executive team.

Performance-Based RSUs (PRSUs)

Equitrans Midstream's PRSUs issued under the 2019 LTIP program are earned based on Relative Total Shareholder Return (TSR) and Cumulative TSR Per Share performance over a three year period, with straight-line interpolation for performance above Threshold or Target.

By basing PRSUs on Relative and Cumulative TSR Per Share performance, Equitrans Midstream aligns its NEOs' interests with those of its shareholders by tying compensation outcomes to Equitrans Midstream's performance relative to its TSR Peer Group (defined below) and for delivering shareholder value.



The tables below summarize the Relative and Cumulative TSR Per Share performance goals and potential payouts:

PRSUs - Relative TSR (80% Weight)		
Threshold	**Target**	**Maximum**
25th Percentile	50th Percentile	75th Percentile or Above
50% Payout	100% Payout	200% Payout

The Equitrans Midstream 2019 TSR Peer Group consisted of the following companies. The Equitrans Midstream MDC Committee selected the TSR Peer Group in consultation with Mercer (US), Inc. (Mercer), its independent compensation consultant. The Equitrans Midstream MDC Committee believes this peer group is appropriate as it represents the companies with which Equitrans Midstream competes for investment purposes.

- Enterprise Products Partners LP
- Energy Transfer LP
- Kinder Morgan Inc.
- The Williams Companies Inc.
- MPLX LP
- ONEOK Inc.
- Cheniere Energy Inc.
- Plains All American Pipeline LP
- Magellan Midstream Partners LP
- Targa Resources Corp.
- Andeavor Logistics LP
- Western Gas Equity Partners LP
- Enable Midstream Partners LP
- Phillips 66 Partners LP
- Buckeye Partners LP
- DCP Midstream LP
- Plains GP Holdings LP
- Antero Midstream GP LP
- Crestwood Equity Partners LP
- EnLink Midstream LLC

PRSUs - Cumulative TSR Per Share (20% Weight)		
Threshold	**Target**	**Maximum**
$5.95 Per Share	$9.25 Per Share	$11.25 Per Share or Above
50% Payout	100% Payout	200% Payout

In calculating Equitrans Midstream's Cumulative TSR Per Share, Equitrans Midstream measures the cumulative amount of dividends paid (measured at the ex-dividend date, if any) plus the change in Equitrans Midstream's beginning versus ending stock price.

Under all PRSU awards, Equitrans Midstream utilizes the 15-day average closing price of its stock to determine Relative and Cumulative TSR Per Share.

The target long-term incentive awards to the NEOs were made consistent with the Equitrans Midstream MDC Committee's philosophy. The number of shares was determined by dividing the target award by the closing price of Equitrans Midstream's common stock on December 31, 2018. The number of RSAs and PRSUs awarded to the NEOs were as follows:

NEO	2019 Time-Based RSAs Awarded	2019 PRSUs Awarded
Thomas F. Karam	80,919	121,379
Kirk R. Oliver	15,984	23,976
Diana M. Charletta	23,976	35,964
Brian P. Pietrandrea	2,398	3,596

Amendment of EQT 2018 IPSUP Long-Term Incentive Awards

Prior to Equitrans Midstream's Separation from EQT, Ms. Charletta and Messrs. Pietrandrea, and Swisher received awards under EQT's 2018 Incentive Performance Share Unit Program (EQT 2018 IPSUP). Effective as of the Separation and pursuant to an Employee Matters Agreement, dated as of November 12, 2018, between Equitrans Midstream and EQT (Employee Matters Agreement), one-third of the EQT 2018 IPSUP performance shares remained subject to and are earned based on actual performance for the period beginning January 1, 2018 and ending on December 31, 2018. This tranche of performance shares may vest based on the former EQT performance metrics for the 2018 calendar year and is subject to time-based vesting for the remaining two years of the performance period or until the performance is later certified by the Equitrans Midstream MDC Committee following the completion of the performance period.

For the remaining two-thirds of the EQT 2018 IPSUP performance shares, the following new performance goals for the post-Separation Equitrans Midstream award component were established by the Equitrans Midstream Board of Directors, upon recommendation of the Equitrans Midstream MDC Committee, which will vest based on Equitrans Midstream's performance for the period beginning January 1, 2019 and ending December 31, 2020:

Relative TSR (80% Weight)*		
Threshold	**Target**	**Maximum**
25th Percentile	50th Percentile	75th Percentile or Above
50% Payout	100% Payout	300% Payout

Cumulative TSR Per Share (20% Weight)		
Threshold	**Target**	**Maximum**
$3.80 Per Share	$7.10 Per Share	$10.40 Per Share or Above
50% Payout	100% Payout	300% Payout

* 2019 TSR Peer Group utilized

Certain Equitrans Midstream's NEOs also hold other EQT Incentive Performance Share Unit Program awards that were awarded prior to the Separation and are subject to EQT performance conditions.

The Equitrans Midstream MDC Committee had no involvement in the setting of performance goals for the outstanding EQT Incentive Performance Share Unit Program awards, including the one-third portion of the EQT 2018 IPSUP that is attributable to the 2018 calendar year; however, as a result of the Separation, it certifies performance achievement pursuant to the plan documents and the Employee Matters Agreement.

OTHER CONSIDERATIONS IMPORTANT TO EQUITRANS MIDSTREAM'S COMPENSATION PROGRAM

In general, Equitrans Midstream's NEOs participate in the same retirement and health and welfare benefit plans offered to other Equitrans Midstream employees, including 401(k) plan, medical, prescription drug, dental vision, short- and long-term disability, wellness and employee assistance programs. The same contribution amounts, deductibles and plan design provisions are generally applicable to all employees.

Retirement Program

Equitrans Midstream's NEOs participate in the same defined contribution 401(k) plan as all other Equitrans Midstream employees. During 2019, Equitrans Midstream contributed an amount equal to 6 percent of each participant's base salary to an individual account for each employee (subject to IRS regulations). Beginning in 2020, Equitrans Midstream began making this 6 percent contribution based on participants' base salaries and annual incentive awards.

Equitrans Midstream also matches every participant's elective deferral contributions by an amount equal to 50 percent of each dollar contributed, subject to a maximum Equitrans Midstream matching contribution of 3 percent of the employee's base salary and for 2020, annual incentive awards (subject to IRS regulations).

Equitrans Midstream does not provide separate executive retirement benefits for Equitrans Midstream's NEOs and eliminated its Payroll Deduction and Contribution Program in 2019 (assumed by Equitrans Midstream as part of the Separation).

Health Benefits

Equitrans Midstream's NEOs participate in the same health and welfare benefit plans as all other Equitrans Midstream employees. Equitrans Midstream provides medical, prescription drug, dental, vision, short- and long-term disability, wellness and employee assistance programs. Equitrans Midstream provides its NEOs and certain other senior members of management with access to an annual executive physical and modest additional life / AD&D insurance coverage reflecting their compensation levels.

NEOs pay the same health benefit contribution amounts and have the same deductibles as applicable to all other Equitrans Midstream employees.

Limited Perquisites

Equitrans Midstream provides limited perquisites to its NEOs. The perquisites program provides an executive physical and access to a concierge medical program as well as an annual stipend to offset the cost of financial planning services.

See footnote (5) to the Summary Compensation Table below for a discussion of the perquisites provided to the NEOs in 2019.

Other NEO (Former Executive)

Mr. Swisher, Equitrans Midstream's former Vice President and Chief Accounting Officer, retired from Equitrans Midstream for personal reasons effective July 31, 2019. Prior to his resignation, Mr. Swisher's annual base salary was $224,000 and he participated in the STIP and LTIP, along with Equitrans Midstream's broad-based retirement and health plans. Mr. Swisher is subject to standard non-solicitation of customers and employees and non-competition restrictive covenants for twelve months following his departure as well as confidential information restrictions. For more information regarding compensation Mr. Swisher received in connection with his resignation, please see "Payments Upon Termination of Employment or Change of Control" below.

Report of the Management Development and Compensation Committee

Neither EQM nor the EQM General Partner has a compensation committee. The Board of Directors of the EQM General Partner has reviewed and discussed the Compensation Discussion and Analysis set forth above and based on this review and discussion has approved it for inclusion in this Form 10-K.

The Board of Directors of EQGP Services, LLC includes:

- Michael A. Bryson
- Kenneth M. Burke
- Diana M. Charletta
- Robert J. Cooper
- Thomas F. Karam
- Kirk R. Oliver

- Lara E. Washington

COMPENSATION TABLES

The following tables reflect the compensation of the EQM General Partner's named executive officers. The information set forth below for the year ended 2018 with respect to the period prior to the Separation and year ended December 31, 2017 is historical EQT compensation, which was, as applicable, approved by the EQT Management Development and Compensation Committee. This historical EQT compensation has been provided by, or derived from information provided by, EQT and reflects compensation earned during 2018 prior to the Separation and for the year ended December 31, 2017 based upon services performed at such time. The compensation information for periods following the Separation and the year ended December 31, 2019 was provided by Equitrans Midstream. See "Compensation Discussion and Analysis" for more information regarding Equitrans Midstream's compensation philosophies and programs.

Summary Compensation Table

The table below sets forth the compensation earned by or paid to the EQM General Partner's named executive officers during the fiscal years ended December 31, 2019, 2018, and 2017, as applicable.

NAME AND PRINCIPAL POSITION (1)	YEAR	SALARY ($)	BONUS ($)(2)	STOCK AWARDS ($)(3)	NON-EQUITY INCENTIVE PLAN COMPENSATION ($)(4)	ALL OTHER COMPENSATION ($)(5)	TOTAL ($)
	2019	680,769	—	3,251,737	1,035,057	45,659	5,013,222
	2018	212,308	267,000	3,000,230	—	205,941	3,685,479
T.F. Karam Chairman and Chief Executive Officer	2017	—	—	—	—	—	—
	2019	500,001	—	642,317	693,000	44,500	1,879,818
	2018	134,616	20,000	405,538	—	10,189	570,343
K.R. Oliver Senior Vice President and Chief Financial Officer	2017	—	—	—	—	—	—
	2019	429,940	—	963,476	641,812	44,371	2,079,599
	2018	283,167	321,040	510,890	—	36,017	1,151,114
D.M. Charletta President and Chief Operating Officer	2017	270,150	—	499,170	220,900	35,716	1,025,936
	2019	210,360	32,579	96,349	132,821	19,526	491,635
	2018	—	—	—	—	—	—
B.P. Pietrandrea Vice President and Chief Accounting Officer	2017	—	—	—	—	—	—
	2019	142,407	—	160,064	88,758	54,985	446,214
	2018	203,462	167,748	166,892	—	18,794	556,896
P.D. Swisher Former Vice President and Chief Accounting Officer (1)	2017	—	—	—	—	—	—

(1) Mr. Swisher retired from Equitrans Midstream on July 31, 2019.

(2) The amount in this column reflects the discretionary bonus award for Mr. Pietrandrea.

(3) The amounts for 2019 in this column reflect the aggregate grant date fair values determined in accordance with FASB ASC Topic 718 using the assumptions described in Note 10 to Equitrans Midstream's Consolidated Financial Statements, which is included in Equitrans Midstream's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 27, 2020. With respect to stock awards granted in 2019, the table below sets forth the value attributable to performance restricted stock units valued at target achievement. Pursuant to SEC rules, the amounts included for awards subject to performance conditions are based on the probable outcome as of the date of grant, which would have amounted to the target total grant date fair values listed in the table below. These performance restricted stock units may pay out up to 200% of the target award, which would have amounted to the maximum total grant date fair values listed in the table below.

Name	Target Total Grant Date Fair Value ($)	Maximum Total Grant Date Fair Value ($)
T.F. Karam	1,824,326	3,648,652
K.R. Oliver	360,359	720,718
D.M. Charletta	540,539	1,081,078
B.P. Pietrandrea	54,048	108,096
P.D. Swisher	89,804	179,608

See “Long-Term Incentive Program (LTIP)” in the Compensation Discussion and Analysis above for further discussion of the 2019 PSU Program and the 2019 Restricted Share Awards

(4) The amounts for 2019 in this column reflect the annual performance incentives earned by each named executive officer pursuant to the terms of the STIP with respect to performance during the year ended December 31, 2019. With respect to Mr. Swisher, the amount in this column reflects the pro-rated STIP payment he received in connection with his retirement in July 2019. These awards were paid to the named executive officers in cash in the first quarter of 2020. See "2019 Annual Incentives (STIP)" in the Compensation Discussion and Analysis above for further discussion of the STIP for the 2019 plan year.

(5) This column includes the dollar value of premiums paid by Equitrans Midstream for group life and accidental death and dismemberment insurance, Equitrans Midstream’s contributions to the 401(k) plan, perquisites, and in the case of Mr. Swisher, payments made in connection with his retirement in July 2019. For detailed information regarding the amounts Mr. Swisher actually received, see “Payments Upon Termination of Employment or a Change of Control” below. For 2019, these amounts were as follows:

Name	insurance Premiums ($)	401(k) Contributions ($)	Perquisites (see below) ($)	Other ($)	Total ($)
T.F. Karam	1,782	25,200	18,677	—	45,659
K.R. Oliver	1,320	25,200	17,980	—	44,500
D.M. Charletta	1,191	25,200	17,980	—	44,371
B.P. Pietrandrea	594	18,932	—	—	19,526
P.D. Swisher	345	14,590	—	40,050	54,985

Amounts in the perquisite column include the following:

- For Messrs. Karam and Oliver and Ms. Charletta, a stipend of $10,000 to be used for financial planning.
- For Messrs. Karam and Oliver and Ms. Charletta, the cost of providing the executive physical benefit, which includes preferred access to healthcare professionals and related services for the executives.
- For Mr. Karam an amount of $697 for maintaining and insuring a car, which benefit was discontinued at the end of January 2019.

2019 Grants of Plan-Based Awards Table

The table below sets forth additional information regarding annual incentives, restricted shares, and restricted share units granted to the EQM General Partner's named executive officers during the 2019 fiscal year. See the Compensation Discussion and Analysis above for more information regarding these awards.

NAME	TYPE OF AWARD	GRANT DATE	APPROVAL DATE	ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS			ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS			ALL OTHER STOCK AWARDS; NUMBER OF SHARES OF STOCK OR UNITS	GRANT DATE FAIR VALUE OF STOCK AND OPTION AWARDS
	(1)			THRESHOLD ($)	TARGET ($) (2)	MAXIMUM ($) (2)	THRESHOLD (#)	TARGET (#) (3)	MAXIMUM (#) (3)	(#) (4)	($)
T.F. Karam	STIP	—	—	336,058	672,115	1,344,230	—	—	—	—	—
	PSU	3/1/2019	2/5/2019	—	—	—	60,690	121,379	242,758	—	1,824,326
	RS	3/1/2019	2/5/2019	—	—	—	—	—	—	80,919	1,427,411
K.R. Oliver	STIP	—	—	225,001	450,001	900,002	—	—	—	—	—
	PSU	3/1/2019	2/5/2019	—	—	—	11,988	23,976	47,952	—	360,359
	RS	3/1/2019	2/5/2019	—	—	—	—	—	—	15,984	281,958
D.M. Charletta	STIP	—	—	208,381	416,761	833,522	—	—	—	—	—
	PSI	3/1/2019	2/5/2019	—	—	—	17,982	35,964	71,928	—	540,539
	RS	3/1/2019	2/5/2019	—	—	—	—	—	—	23,976	422,937
B.P. Pietrandrea	STIP	—	—	43,124	86,248	172,496	—	—	—	—	—
	PSU	3/1/2019	2/5/2019	—	—	—	1,798	3,596	7,192	—	54,048
	RS	3/1/2019	2/5/2019	—	—	—	—	—	—	2,398	42,301
P.D. Swisher	STIP	—	—	28,818	57,635	115,270	—	—	—	—	—
	PSU	3/1/2019	2/5/2019	—	—	—	2,988	5,975	11,950	—	89,804
	RS	3/1/2019	2/5/2019	—	—	—	—	—	—	3,983	70,260

(1) Type of Award:

STIP = Equitrans Midstream Corporation 2019 Short-Term Incentive Plan Award
PSU = 2019 Performance Share Unit Program Awards
RS = 2019 Restricted Share Awards

(2) These columns reflect the annual incentive award target and maximum amounts granted under the STIP. The payout amounts could range from no payment, to the percentage of actual base salary earned for 2019 identified as the target annual incentive award (target), to two times the target annual incentive award (maximum). For details regarding the performance metrics under the STIP, see "2019 Annual Incentives (STIP)" in the Compensation Discussion and Analysis above.

(3) These columns reflect the target and maximum number of units payable under the 2019 PSU Program. For details regarding the 2019 PSU Program and awards, see "Long-Term Incentive Program (LTIP)" in the Compensation Discussion and Analysis above. The awards vest on the payment date following December 31, 2021, subject to continued employment with Equitrans Midstream.

(4) This column reflects the number of time-based restricted shares granted to the named executive officers. For details regarding the terms of the restricted share awards, see "Long-Term Incentive Program (LTIP)" in the Compensation Discussion and Analysis above. Each grant mentioned in this column vests on January 1, 2022, subject to continued employment with Equitrans Midstream through the vesting date.

NARRATIVE DISCLOSURE TO SUMMARY COMPENSATION TABLE AND 2019 GRANTS OF PLAN-BASED AWARDS TABLE

Confidentiality, Non-Solicitation and Non-Competition Agreements

Messrs. Karam, Oliver, Pietrandrea and Swisher and Ms. Charletta have confidentiality, non-solicitation and non-competition agreements with Equitrans Midstream. In each such agreement, the named executive officer agrees, among other things, to the following restrictive covenants:

- restrictions on competition for 24 months (12 months for Messrs. Pietrandrea and Swisher);
- restrictions on customer solicitation for 24 months (12 months for Messrs. Pietrandrea and Swisher); and
- restrictions on employee, consultant, vendor or independent contractor recruitment for 36 months (12 months for Messrs. Pietrandrea and Swisher).

In order to receive any severance benefits under his or her agreement, the named executive officer must execute and deliver to Equitrans Midstream a general release of claims.

The agreements do not provide for any tax gross-ups. In the event the named executive officer would be subject to the 20% excise tax under Section 4999 of the Internal Revenue Code (imposed on individuals who receive compensation in connection with a change of control that exceeds certain specified limits), the payments and benefits to the named executive officer would be reduced to the maximum amount that does not trigger the excise tax unless the named executive officer would retain greater value (on an after-tax basis) by receiving all payments and benefits and paying all excise and income taxes.

Outstanding Equity Awards at Fiscal Year-End

The table below provides additional information regarding each outstanding Equitrans Midstream or EQT equity award, as applicable, held by the EQM General Partner's named executive officers as of December 31, 2019.

	EQUITY AWARDS					
	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#) (1)		MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($) (2)	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED (#) (3)		EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED ($) (4)
T. F. Karam	—		—	60,690	(j)	810,818
	60,059	(a)*	654,641	—		—
	53,564	(a)	715,610	—		—
	80,919	(e)	1,081,078	—		—
K. R. Oliver	—		—	11,988	(j)	160,160
	8,809	(a)*	96,017	—		—
	7,859	(a)	104,999	—		—
	15,984	(e)	213,546	—		—

D. M. Charletta	—		—	5,421	(h)*	59,089
	—		—	2,097	(i)*	22,859
	1,807	(b)*	19,697	—		—
	2,097	(c)*	22,860	—		—
	5,484	(g)*	59,770	—		—
	—		—	4,839	(h)	64,649
	—		—	1,871	(i)	24,999
	—		—	17,982	(j)	240,240
	1,613	(b)	21,548	—		—
	1,871	(c)	24,999	—		—
	23,976	(e)	320,319	—		—
	4,992	(g)	66,699	—		—
B.P. Pietrandrea	—		—	415	(i)*	4,528
	467	(b)*	5,090	—		—
	415	(c)*	4,528	—		—
	668	(d)*	7,280	—		—
	329	(f)*	3,587	—		—
	904	(g)*	9,849	—		—
	—		—	371	(i)	4,958
	—		—	1,798	(j)	24,021
	417	(b)	5,575	—		—
	371	(c)	4,958	—		—
	597	(d)	7,971	—		—
	2,398	(e)	32,037	—		—
	293	(f)	3,918	—		—
	825	(g)	11,020	—		—
P.D. Swisher	—		—	581	(j)	7,762

*In connection with the Separation, each outstanding award held by the EQM General Partner's NEOs was converted into an award in respect of both shares of EQT common stock and Equitrans Midstream common stock. The awards marked with an asterisk represent awards that are denominated in EQT common stock.

(1) (a) For Mr. Karam, this column reflects the restricted shares granted to Mr. Karam in August 2018 that will vest on August 9, 2021, contingent upon continued service with Equitrans Midstream. For Mr. Oliver, this column reflects restricted stock units granted to Mr. Oliver in September 2018 that will vest on September 10, 2021, contingent upon continued service with Equitrans Midstream.

(b) For Mr. Pietrandrea and Ms. Charletta, the identified awards in this column reflect restricted stock units granted by EQT in January 2017 that vested on January 1, 2020.

(c) For Mr. Pietrandrea and Ms. Charletta, the identified awards in this column reflect restricted stock units granted by EQT in January 2018 that will vest on January 1, 2021, contingent upon continued service with Equitrans Midstream.

(d) For Mr. Pietrandrea, the identified awards in this column reflect restricted stock units granted by EQT in May 2018 that will vest on May 17, 2021, contingent upon continued service with Equitrans Midstream.

(e) For Messrs. Karam, Oliver and Pietrandrea and Ms. Charletta, the identified awards in this column reflect restricted shares granted by Equitrans Midstream in March 2019 that will vest on January 1, 2022, contingent upon continued service with Equitrans Midstream.

(f) For Mr. Pietrandrea, the identified awards in this column reflect the restricted stock units granted under the EQT 2018 Strategic Implementation Award (2018 EQT SIA) which will vest on March 7, 2020, contingent upon continued service with Equitrans Midstream.

(g) For Mr. Pietrandrea and Ms. Charletta, the identified awards in this column reflect the EQT 2018 Value Driver Share Unit Awards (EQT 2018 Value Driver Awards) granted in January 2018 that will vest on the payment date following December 31, 2019, contingent upon continued service with Equitrans Midstream.

(2) This column reflects the payout value of unvested awards described in footnote (1) above. The payout value was determined by multiplying the number of shares or units by the closing price of the applicable company's common stock as of December 31, 2019. The actual payout values depend upon, among other things, EQT or Equitrans Midstream's closing stock price, as applicable, on the vesting dates, and subject to the terms of the applicable award.

(3) (h) For Ms. Charletta, the identified awards in this column reflect performance share units granted in January 2017 under the EQT Corporation 2017 Incentive Performance Share Unit Program that will vest on the payment date following December 31, 2019, contingent upon continued service with Equitrans Midstream and the achievement of specified performance goals. The number of performance units reflects maximum award levels because, through December 31, 2019, payout was projected above target.

(i) For Mr. Pietrandrea and Ms. Charletta, the identified awards in this column reflect performance share units granted in January 2018 under the EQT Corporation 2018 Incentive Performance Share Unit Program that will vest on the payment date following December 31, 2020, contingent upon continued service with Equitrans Midstream and the achievement of specified performance goals. The number of performance units reflects target award levels.

(j) For Messrs. Karam, Oliver and Pietrandrea and Ms. Charletta, the identified awards in this column reflect performance share units granted in March 2019 under the 2019 PSU Program that will vest on the payment date following December 31, 2021, contingent upon continued service with Equitrans Midstream and the achievement of specified performance goals. For Mr. Swisher, the identified award in this column reflects the pro-rata performance share units granted in March 2019 under the 2019 PSU Program retained in connection with his retirement from Equitrans Midstream, that will vest on the payment date following December 31, 2021, subject to the achievement of specified performance goals. The number of performance units reflects threshold award levels because, through December 31, 2019, payout was projected below target.

(4) This column reflects the payout values of the unvested awards described in footnote (3) above. The payout values were determined by multiplying the number of shares by the closing price of the applicable company's common stock as of December 31, 2019. The actual payout values depend upon, among other things, achievement of performance goals and EQT or Equitrans Midstream's closing stock price, as applicable, at the end of the applicable performance period.

Option Exercises and Stock Vested

The table below sets forth the number of Equitrans Midstream or EQT shares acquired, as applicable, in the 2019 fiscal year as a result of the vesting of restricted stock units or the exercise of options previously awarded to the EQM General Partner's named executive officers.

	STOCK AWARDS	
NAME	NUMBER OF SHARES ACQUIRED ON VESTING (#) (1)	VALUE REALIZED ON VESTING ($) (2)
T. F. Karam	—	—
K. R. Oliver	—	—
D. M. Charletta	14,155 *	269,762
	11,308	225,530
B. P. Pietrandrea	2,267 *	42,814
	1,820	36,149
P. D. Swisher	4,637 *	88,445
	4,486	87,612

*In connection with the Separation, each outstanding award held by the EQM General Partner's NEOs was converted into an award in respect of both shares of EQT common stock and Equitrans Midstream common stock. The awards marked with an asterisk represent awards that are denominated in EQT common stock.

(1) This column reflects the aggregate number of performance awards (including accrued dividends) that vested in 2019 under (a) the EQT 2016 Incentive Performance Share Unit Program (EQT 2016 IPSUP) for Mr. Swisher and Ms. Charletta, (b) the second tranche of the EQT 2017 Value Driver Performance Share Unit Awards (EQT 2017 Value Driver Awards) for Messrs. Pietrandrea and Swisher and Ms. Charletta, (c) the EQT 2016 Restricted Stock Unit Award for Mr. Pietrandrea, (d) the first tranche of the EQT 2018 Value Driver Awards for Messrs. Pietrandrea and Swisher and Ms. Charletta, and (e) the first tranche of the restricted stock units under the 2018 EQT SIA for Messrs. Pietrandrea and Swisher. The performance awards under the EQT 2016 IPSUP were distributed in shares. The second tranche of the EQT 2017 Value Driver Awards, the EQT 2016 Restricted Stock Unit Awards, the first tranche of the EQT 2018 Value Driver Awards and the first tranche of the 2018 EQT SIA were distributed in cash. This column also reflects the aggregate number of 2019 Equitrans Midstream restricted shares that vested and were distributed under a restricted share award for Mr. Swisher in connection with his retirement in July 2019.

(2) This column reflects the value realized upon vesting of the awards described in footnote (1) above. With respect to Mr. Swisher's 2019 Equitrans Midstream restricted share award, this column also includes the value of accrued dividends, which were paid in cash. The value realized on vesting is calculated based upon the closing price of the applicable common stock on the date of vesting.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

Agreements and Plans

Equitrans Midstream maintains and has entered into certain agreements and plans (including those described above in "Narrative Disclosure to Summary Compensation Table and 2019 Grants of Plan-Based Awards Table") that require Equitrans Midstream to provide compensation to the named executive officers, among others, in the event of a termination of employment or a change of control of Equitrans Midstream.

Agreements with the Named Executive Officers of Equitrans Midstream

Descriptions of the circumstances which trigger payments and benefits, the benefits that would be provided, how payment and benefit levels are determined and the material conditions and obligations applicable to the receipt of payments or benefits in the event of a termination of employment or a change of control of Equitrans Midstream under Equitrans Midstream's agreements with Messrs. Karam, Oliver and Pietrandrea and Ms. Charletta will be described in Equitrans Midstream's Disclosure Document. Equitrans Midstream's SEC filings are available on the SEC's website at www.sec.gov and on Equitrans Midstream's website at www.equitransmidstream.com through the "Investors" link on the main page, followed by the "SEC Filings" page. The Corporate Secretary of the EQM General Partner will also provide a copy to you free of charge upon request.

Agreements with Former Named Executive Officers

Mr. Swisher was an executive officer of EQM and is covered by this discussion but no was longer serving as an executive officer at the end of 2019. In connection with his retirement in July 2019, and in consideration for his execution of a release in favor of Equitrans Midstream, Mr. Swisher retained 19% of his 2019 PSU Program award and became entitled to receive the benefit of such award to the extent and at the same time as other participants. Such award has a value of $0 assuming actual performance through the end of the performance period is consistent with performance through December 31, 2019. Mr. Swisher also received benefits with an aggregate value of $142,704 comprised of (i) shares of Equitrans Midstream common stock under his pro-rated 2019 Equitrans Midstream Restricted Stock Award with a value of $12,849 and a cash payment of $1,046 in respect of the dividends thereon; (ii) twelve months of benefits continuation with an aggregate value of $20,343, (iii) a payment of $19,708 in respect of

unused vacation, and (iv) a pro-rata portion of his STIP payment with an aggregate value of $88,758. Upon his retirement, Mr. Swisher forfeited all other long-term incentive awards held by him.

Pay Ratio

EQM does not have any employees. The daily business operations of EQM are conducted by employees of Equitrans Midstream.

Compensation of Directors

Officers of Equitrans Midstream who also serve as directors of the EQM General Partner do not receive additional compensation for their service as directors. During 2019, directors of the EQM General Partner who were not also officers of Equitrans Midstream received cash compensation on a quarterly basis in the form of board and committee retainers. In addition, the Conflicts Committee members also received a meeting attendance fee. The structure of the 2019 fees is set forth below, and all fees are paid on a quarterly basis. The 2020 fees will be consistent with the 2019 fees, with the exception of the retainer for the Chair of the Conflicts Committee, which is $12,500 for 2020.

Compensation Feature	2019
Annual cash retainer - Board member	$65,000
Annual cash retainer - Committee Chair	Audit: $20,000 Conflicts: $10,000
Annual cash retainer - Committee member (excluding the chair)	Audit: $5,000 Conflicts: None
Meeting fees	Conflicts Committee: In person: $1,500 Telephonic: $750 All other meetings: None

In addition, each non-employee director is reimbursed for out-of-pocket expenses in connection with attending meetings. EQM also provides non-employee directors with $20,000 of life insurance and $250,000 of travel accident insurance while traveling on business for EQM. To further EQM's support for charitable giving, all directors are eligible to participate in the Matching Gifts Program of the Equitrans Midstream Foundation on the same terms as Equitrans Midstream employees and directors. Under this program, the Equitrans Midstream Foundation will match gifts of at least $100 made by a director to eligible charities, up to an aggregate total for each director of $50,000 in any calendar year.

On an annual basis, the EQM General Partner grants to each non-employee director phantom units as a vehicle to deliver compensation for their service on the Board. On January 1, 2019, the EQM General Partner granted to each non-employee director serving at that time phantom units with a value of $85,000 under the EQM General Partner's 2012 Long-Term Incentive Plan (with the number of phantom units (1,970) determined by dividing the award value by the closing price of EQM's common units on December 31, 2018 ($43.25) and rounding up to the next ten units). The phantom units were fully vested as of the grant date, with distribution equivalents accruing on such units. The phantom units (and the accrued distribution equivalents) will be converted into EQM common units on the date that the grantee ceases to be a director. For 2020, the value of the annual phantom unit award was increased to $95,000.

The table below shows the total 2019 compensation of EQM's non-employee directors:

NAME	FEES EARNED OR PAID IN CASH ($) (1)	STOCK AWARDS ($) (2)	ALL OTHER COMPENSATION ($) (3)	TOTAL ($)
M.A. Bryson	91,000	85,203	75,454	251,657
K.M. Burke	69,731	85,203	11,527	166,461
L.E. Washington	86,000	85,203	57,998	229,201

(1) Includes annual cash retainer, meeting fees and committee chair fees related to services rendered during 2019.

(2) This column reflects the aggregate grant date fair values determined in accordance with FASB ASC Topic 718 for the phantom units awarded to each director during 2019. On January 1, 2019, the EQM General Partner granted 1,970 phantom units to each non-employee director. The grant date fair value is computed as the sum of the number of phantom units awarded on the grant date multiplied by the closing price of EQM's common units on the business day prior to the grant date, which closing price was $43.25 on December 31, 2018.

(3) This column reflects (i) accrued distributions on phantom units; (ii) annual premiums of $48.46 per director paid for life insurance and travel accident insurance policies ($24.23 for Mr. Burke) and (iii) the following matching gifts made to qualifying organizations under the Equitrans Midstream Foundation's Matching Gifts Program: Mr. Bryson - $17,000 and Ms. Washington - $15,750.

Compensation Committee Interlocks and Insider Participation

As previously discussed, the Board is not required to maintain, and does not maintain, a compensation committee. Each of Messrs. Karam and Oliver and Ms. Charletta, who are directors of the EQM General Partner, are also executive officers of Equitrans Midstream. In addition, Mr. Cooper is also an officer of Equitrans Midstream. However, all compensation decisions with respect to each of these officers are made by the Equitrans Midstream MDC Committee and none of these individuals receives any compensation directly from EQM or the EQM General Partner for their service as a director.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners and Management

The following tables set forth the beneficial ownership of EQM's common units and Equitrans Midstream's common stock owned as of January 31, 2020, by:

- each of the directors of the EQM General Partner;
- each of the named executive officers of the EQM General Partner; and
- all directors and executive officers of the EQM General Partner as a group.

The amounts and percentages of units beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all units shown as beneficially owned by them, subject to community property laws where applicable, and none of the units are subject to a pledge.

Percentage of total units beneficially owned is based on 200,457,630 EQM common units outstanding as of January 31, 2020.

NAME OF BENEFICIAL OWNER (1)	EQM COMMON UNITS BENEFICIALLY OWNED (2) (3)	PERCENTAGE OF EQM COMMON UNITS BENEFICIALLY OWNED
M.A. Bryson [4]	21,268	*
K.M. Burke	5,920	*
D.M. Charletta[5]	3,246	*
R.J. Cooper	878	*
T.F. Karam	—	—
K.R. Oliver	—	—
B.P. Pietrandrea [6]	1,178	—
P.D. Swisher [7]	1,790	*
L.E. Washington	13,227	*
All directors and executive officers as a group (9 individuals)	47,507	*

* Less than 1%.

(1) Unless otherwise indicated, the address for all beneficial owners in this table is c/o EQGP Services, LLC, 2200 Energy Drive, Canonsburg, Pennsylvania 15317, Attn: Corporate Secretary.

(2) This column reflects the number of common units held of record or owned through a bank, broker or other nominee.

(3) For Messrs. Bryson and Burke and Ms. Washington, this column also includes phantom units, including accrued distributions, to be settled in EQM common units, in the following amounts: Mr. Bryson - 17,093 units; Mr. Burke - 5,920 units; and Ms. Washington - 13,227 units.

(4) EQM common units beneficially owned include 3,000 common units that are held in Mrs. Bryson's revocable trust.

(5) EQM common units beneficially owned include 1,000 common units held by Ms. Charletta's spouse, over which Ms. Charletta has shared voting and investment authority.

(6) EQM common units beneficially owned include 152 common units over which Mr. Pietrandrea has shared voting and investment authority.

(7) Information regarding EQM common units beneficially owned by Mr. Swisher is based on information provided by Mr. Swisher as of January 2, 2020.

Percentage of total shares of Equitrans Midstream common stock beneficially owned is based on 254,929,098 shares outstanding as of January 31, 2020.

NAME (1)	NUMBER OF EQUITRANS MIDSTREAM SHARES BENEFICIALLY OWNED (2)	PERCENT OF CLASS (3)
M.A. Bryson	—	—
K.M. Burke	46,835	*
D.M. Charletta[4]	55,067	*
R.J. Cooper	18,752	*
T.F. Karam[5]	603,927	*
K.R. Oliver[6]	34,635	—
B.P. Pietrandrea	2,674	—
P.D. Swisher[7]	4,822	*
L.E. Washington	—	—
All directors and executive officers as a group (9 individuals)	766,712	*

* Less than 1%.

(1) Unless otherwise indicated, the address for all beneficial owners in this table is c/o EQGP Services, LLC, 2200 Energy Drive, Canonsburg, Pennsylvania 15317, Attn: Corporate Secretary.

(2) This column reflects shares held of record and shares owned through a bank, broker or other nominee, including shares owned through a 401(k) plan. For Messrs. Burke and Karam, this column includes deferred stock units, including accrued dividends, to be settled in Equitrans Midstream common stock, and over which the directors have no voting or investment power prior to settlement, in the following amounts: Mr. Burke - 42,336 units and Mr. Karam -3,444 units.

(3) This column reflects the number of Equitrans Midstream shares beneficially owned as a percentage of the sum of Equitrans Midstream's outstanding shares at January 31, 2020, and all options exercisable within 60 days of January 31, 2020.

(4) Shares beneficially owned include 8,226 shares owned by Ms. Charletta's husband, of which 66 shares are held in Ms. Charletta's husband's 401(k) plan.

(5) Shares beneficially owned includes 450,000 shares that are held in E.T. Associates, L.P. of which Mr. Karam shares voting and investment authority.

(6) Shares beneficially owned includes 18,650 shares that are held in a trust of which Mr. Oliver is a co-trustee and in which he shares voting and investment authority.

(7) Information regarding Equitrans Midstream shares beneficially owned by Mr. Swisher is based on information provided by Mr. Swisher as of January 2, 2020.

The following table sets forth the beneficial ownership of each person known by EQM to be a beneficial owner of more than 5% of EQM's outstanding common units as of January 31, 2020:

NAME OF BENEFICIAL OWNER	EQM COMMON UNITS BENEFICIALLY OWNED	PERCENTAGE OF EQM UNITS BENEFICIALLY OWNED
Equitrans Midstream Corporation[1] 2200 Energy Drive Canonsburg, PA 15317	117,245,455	58.5 %
Tortoise Capital Advisors, L.L.C.[2] 5100 W 115th Place Leawood, KS 66211	11,608,884	5.8 %
Invesco Ltd. [3] 1555 Peachtree Street NE, Suite 1800 Atlanta, GA 30309	10,203,752	5.1 %

(1) Equitrans Midstream does not directly own any common units. "As of January 31, 2020, Equitrans Gathering Holdings, EQM GP Corp and EMH, each a wholly-owned subsidiary of Equitrans Midstream, held 89,505,616, 89,536 and 27,650,303 EQM common units, respectively. Additionally, Equitrans Gathering Holdings, EQM GP Corp and EMH held 6,153,907, 6,155 and 839,938 Class B units, respectively. As of January 31, 2020, Equitrans Midstream owned, directly or indirectly, 117,245,455 EQM common units and 7,000,000 Class B units (collectively representing a 59.9% limited partner interest in EQM, excluding the Series A Preferred Units) and the entire non-economic general partner interest in EQM, while the public owned a 40.1% limited partner interest in EQM."

(2) Information provided by Tortoise Capital Advisors, L.L.C. on February 14, 2020 reporting that as of December 31, 2019 Tortoise Capital Advisors, L.L.C. has sole voting power and dispositive power over 625,324 EQM common units, shared voting power over 9,972,190 EQM common units and shared dispositive power over 10,983,560 EQM common units.

(3) Information based on a SEC Schedule 13G filed on February 13, 2020 reporting that Invesco Ltd. has sole voting power over 10,203,752 EQM common units and sole dispositive power over 10,135,201 EQM common units.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2019 with respect to EQM common units that may be issued under the EQGP Services, LLC 2012 Long-Term Incentive Plan, which did not require approval by EQM's unitholders.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN A)
	(A)	(B)	(C)
Equity Compensation Plans Approved by Unitholders	—	—	—
Equity Compensation Plans Not Approved by Unitholders	251,519	N/A	1,496,962 [1]
Total	251,519	N/A	1,496,962

(1) The Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan authorizes the granting of awards in any of the following forms: phantom units, performance awards, restricted units, distribution equivalent rights, market-priced options to purchase units, unit appreciation rights, other unit-based awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on units, and cash-based awards.

EQGP Services, LLC 2012 Long-Term Incentive Plan

The former general partner of EQM adopted the EQT Midstream Services, LLC 2012 Long-Term Incentive Plan for employees and non-employee directors of the general partner and any of its affiliates. In connection with the EQM IDR Transaction, the EQT Midstream Services, LLC 2012 Long-Term Incentive Plan was amended and restated as the Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan and EQGP Services, LLC assumed sponsorship of the plan. The EQM General Partner may issue long-term equity based awards under the plan. EQM is responsible for the cost of awards granted under the

plan. Employees and non-employee directors of the EQM General Partner or any affiliate, including subsidiaries, are eligible to receive awards under the plan.

The aggregate number of units that may be issued under the plan is 2,000,000 units, subject to proportionate adjustment in the event of unit splits and similar events. Units underlying options and unit appreciation rights will count as one unit, and units underlying all other unit-based awards will count as two units, against the number of units available for issuance under the plan. Units subject to awards that terminate or expire unexercised, or are canceled, forfeited or lapse for any reason, and units underlying awards that are ultimately settled in cash, will again become available for future grants of awards under the plan. Units delivered by the participant or withheld from an award to satisfy tax withholding requirements, and units delivered or withheld to pay the exercise price of an option, will not be used to replenish the plan unit reserve.

The plan is administered by the Board or such other committee of the Board as may be designated by the Board to administer the plan.

The Board may amend, suspend or terminate the plan at any time, except that no amendment may be made without the approval of EQM's unitholders if unitholder approval is required by any federal or state law or regulation or by the rules of any exchange on which the units may then be listed, or if the amendment, alteration or other change materially increases the benefits accruing to participants, increases the number of units available under the plan or modifies the requirements for participation under the plan, or if the Board in its discretion determines that obtaining such unitholder approval is for any reason advisable.

Common units to be delivered pursuant to awards under the plan may be common units acquired by the EQM General Partner in the open market, from any other person, directly from EQM or any combination of the foregoing. When EQM issues new common units upon the grant, vesting or payment of awards under the plan, the total number of common units outstanding increases.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related Transactions

As of February 1, 2020, Equitrans Midstream held a 59.9% limited partner interest (excluding the Series A Preferred Units) and the non-economic general partner interest in EQM.

EQM and its affiliates entered into certain extraordinary corporate transactions with EQT and its affiliates prior to the Separation and Distribution, and with Equitrans Midstream and its affiliates following the Separation and Distribution, in each case, other than with respect to EQM, as described in detail below. These agreements were not the result of arm's-length negotiations and, as such, they or the underlying transactions may not be based on terms as favorable as those that could have been obtained from unaffiliated third parties.

EQM IDR Transaction

On February 22, 2019, Equitrans Midstream completed a simplification transaction pursuant to that certain Agreement and Plan of Merger, dated as of February 13, 2019 (the IDR Merger Agreement), by and among Equitrans Midstream and certain related parties, pursuant to which, among other things, (i) Equitrans Merger Sub, LP, a party to the IDR Merger Agreement, merged with and into EQGP (the Merger) with EQGP continuing as the surviving limited partnership and a wholly-owned subsidiary of EQM following the Merger, and (ii) each of (a) the IDRs, (b) the economic portion of the general partner interest in EQM and (c) the issued and outstanding EQGP common units representing limited partner interests in EQGP were canceled, and, as consideration for such cancellation, certain affiliates of Equitrans Midstream received on a pro rata basis 80,000,000 newly-issued EQM common units and 7,000,000 newly-issued Class B units (Class B units), both representing limited partner interests in EQM, and EQGP Services, LLC (the EQM General Partner) retained the non-economic general partner interest in EQM (the EQM IDR Transaction). Additionally, as part of the EQM IDR Transaction, the 21,811,643 EQM common units held by EQGP were canceled and 21,811,643 EQM common units were issued pro rata to certain affiliates of Equitrans Midstream. The Class B units are substantially similar in all respects to EQM's common units, except that the Class B units are not entitled to receive distributions of available cash until the applicable Class B unit conversion date (or, if earlier, a change of control). The Class B units are divided into three tranches, with the first tranche of 2,500,000 Class B units becoming convertible at the holder's option into EQM common units on April 1, 2021, the second tranche of 2,500,000 Class B units becoming convertible at the holder's option into EQM common units on April 1, 2022, and the third tranche of 2,000,000 Class B units becoming convertible at the holder's option into EQM common units on April 1, 2023 (each, a Class B unit conversion date). Additionally, the Class B units will become convertible at the holder's option into EQM common units immediately before a change of control of EQM. After the applicable Class B unit conversion date (or, if earlier, a change of control), whether or not

such Class B units have been converted into EQM common units, the Class B units will participate pro rata with the EQM common units in distributions of available cash.

The holders of Class B units vote together with the holders of EQM common units as a single class, except that Class B units owned by the general partner of EQM and its affiliates are excluded from voting if EQM common units owned by such parties are excluded from voting. Holders of Class B units are entitled to vote as a separate class on any matter that adversely affects the rights or preferences of the Class B units in relation to other classes of EQM partnership interests in any material respect or as required by law.

See Note 6 for further information on the EQM IDR Transaction and Class B Units.

Shared Assets Transaction

On March 31, 2019, EQM entered into an Assignment and Bill of Sale (the Assignment and Bill of Sale) with Equitrans Midstream pursuant to which EQM acquired certain assets and assumed certain leases that primarily support EQM's operations for an aggregate cash purchase price of $49.7 million (the initial purchase price), which reflected the net book value of in-service assets and expenditures made for assets not yet in-service (collectively, and inclusive of the additional assets subsequently acquired as described in the following sentences, the Shared Assets Transaction). Further, pursuant to the Assignment and Bill of Sale, EQM acquired, effective on the first day of the second quarter of 2019, certain additional assets from Equitrans Midstream for $8.9 million cash consideration, reflecting the net book value of in-service assets and expenditures made in respect of assets not yet in-service as of June 30, 2019, which subsequent purchase price was subject to certain adjustments. Additionally, pursuant to the Assignment and Bill of Sale, EQM acquired, effective on the first day of the third quarter of 2019, an additional asset from Equitrans Midstream for a de minimus dollar amount reflecting the net book value of such asset as of September 30, 2019. EQM may, pursuant to the Assignment and Bill of Sale, acquire certain additional assets from Equitrans Midstream for additional cash consideration reflecting the net book value of in-service assets and expenditures made with respect to assets not yet in-service and/or may assume an additional facilities lease. The initial and subsequent purchase prices were funded utilizing EQM's $3 Billion Facility (defined in Note 12). Prior to the Shared Assets Transaction, EQM made quarterly payments to Equitrans Midstream based on fees allocated from Equitrans Midstream for use of in-service assets transferred to EQM in the Shared Assets Transaction. In connection with the entry into the Assignment and Bill of Sale, that certain omnibus agreement (Equitrans Midstream Omnibus Agreement) among Equitrans Midstream, EQM and the EQM General Partner (as successor to the former EQM general partner) was amended and restated in order to, among other things, govern Equitrans Midstream's use of the acquired assets following their conveyance to EQM and provide for reimbursement of EQM by Equitrans Midstream for expenses incurred by EQM in connection with such use.

Distributions and Payments to the EQM General Partner and Its Affiliates

The following information summarizes the distributions and payments made or to be made by EQM to the EQM General Partner and its affiliates, including Equitrans Midstream, in connection with EQM’s ongoing operation and any liquidation. These distributions and payments were determined before EQM’s IPO by and among affiliated entities and, consequently, are not the result of arm’s-length negotiations.

Operational Stage

Distributions of available cash to common unitholders. EQM makes distributions of available cash to its common unitholders pro rata, including Equitrans Midstream as the holder of 117,245,455 EQM common units, in accordance with the terms of EQM’s limited partnership agreement.

Payments to the EQM General Partner and its affiliates. The EQM General Partner does not receive a management fee or other compensation for managing EQM. The EQM General Partner and its affiliates are reimbursed, however, for all direct and indirect expenses incurred on EQM’s behalf. The EQM General Partner determines the amount of these expenses. In addition, EQM reimburses Equitrans Midstream and its affiliates for the payment of certain operating expenses and for the provision of various general and administrative services for EQM’s benefit.

Withdrawal or removal of the EQM General Partner. If the EQM General Partner withdraws or is removed, its general partner interest will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests.

Liquidation Stage

Upon EQM’s liquidation, the partners, including the EQM General Partner, will be entitled to receive liquidating distributions according to their capital account balances.

Agreements with Equitrans Midstream

EQM and its affiliates have entered into various agreements with Equitrans Midstream and its affiliates other than EQM, as described in detail below. These agreements were negotiated in connection with the Separation and Distribution. These agreements were not the result of arm's-length negotiations and, as such, they or the underlying transactions may not be based on terms as favorable as those that could have been obtained from unaffiliated third parties.

Equitrans Midstream Omnibus Agreement

On November 13, 2018, in connection with the Separation, Equitrans Midstream, EQM, and the EQM General Partner entered into an Omnibus Agreement (the Equitrans Midstream Omnibus Agreement). Pursuant to the Equitrans Midstream Omnibus Agreement, EQM agreed to provide Equitrans Midstream with a license to use the name "Equitrans" and related marks in connection with Equitrans Midstream's business. The Equitrans Midstream Omnibus Agreement also provides for certain reimbursement obligations between Equitrans Midstream and EQM. The Equitrans Midstream Omnibus Agreement addresses the following matters:

- EQM's obligation to reimburse Equitrans Midstream and its affiliates for certain direct operating expenses and all insurance coverage expenses they incur or pay with respect to EQM's assets; and
- EQM's obligation to reimburse Equitrans Midstream and its affiliates for providing general and administrative services to EQM, including EQM's public company expenses and general and administrative expenses.

On March 31, 2019, connection with the entry into the Assignment and Bill of Sale, the Equitrans Midstream Omnibus Agreement was amended and restated in order to, among other things, govern Equitrans Midstream's use of the acquired assets following their conveyance to EQM and provide for reimbursement of EQM by Equitrans Midstream for expenses incurred by EQM in connection with such use.

Secondment Agreement

On November 13, 2018, in connection with the Separation, Equitrans Midstream, EQM, and the Former EQM General Partner entered into a Secondment Agreement (the Secondment Agreement). The Secondment Agreement:

- replaced the secondment agreement described under "Agreements with EQT-Secondment Agreement" below, which previously allowed EQM to utilize the secondment of available EQT employees under the control of EQM to operate its assets;
- provides for the secondment to EQM of available Equitrans Midstream employees to operate EQM's assets under the control of EQM; and
- provides that EQM will reimburse Equitrans Midstream and its affiliates for the services provided by the seconded employees.

See Note 8 for the amounts and categories of expenses described above for which EQM was obligated to reimburse Equitrans Midstream pursuant to the Equitrans Midstream Omnibus Agreement and the Secondment Agreement, as applicable, for the year ended December 31, 2019.

See also Note 19 for a discussion of the transactions announced on February 27, 2020 with respect to Equitrans Midstream and EQT.

Agreements with EQT

Prior to the Separation and Distribution, EQT beneficially owned more than 5% of EQM's common units and EQM and its affiliates entered into various agreements with EQT and its affiliates other than EQM, as described in detail below. These agreements were negotiated in connection with, among other things, the formation of EQM, the IPO and EQM's acquisitions from EQT. In addition, certain agreements and amendments entered into with EQT or certain of its affiliates following the Separation and Distribution are described below given EQT's continued ownership of a retained interest in Equitrans Midstream. The below described agreements address, among other things, the acquisition of assets and the assumption of liabilities by EQM and its subsidiaries. These agreements were not the result of arm's-length negotiations and, as such, they or the underlying transactions may not be based on terms as favorable as those that could have been obtained from unaffiliated third parties.

Omnibus Agreement

EQM and the Former EQM General Partner previously entered into an omnibus agreement with EQT, which was terminated in connection with the Separation. The omnibus agreement governed EQM's relationship with EQT regarding certain reimbursement obligations between EQT and EQM, including EQM's obligation to reimburse EQT and its affiliates for certain direct operating expenses paid on EQM's behalf and EQM's obligation to reimburse EQT and its affiliates for providing EQM corporate, general and administrative services and certain operation and management services pursuant to the operation and management services agreement with EQT, as described below under "Operation and Management Services Agreement." EQM was also required to reimburse EQT for any additional state income, franchise or similar tax paid by EQT resulting from the inclusion of EQM (and its subsidiaries) in a combined state income, franchise or similar tax report with EQT as required by applicable law. The amount of any such reimbursement was limited to the tax that EQM (and its subsidiaries) would have paid had they not been included in a combined group with EQT. EQT also agreed pursuant to the omnibus agreement to provide EQM with a license to use the name "EQT" and related marks in connection with EQM's business.

EQT's indemnification obligations to EQM under the omnibus agreement included the following:

- *Plugging and abandonment liabilities.* For a period of ten years after the closing of the IPO, which occurred on July 2, 2012, EQT is required to reimburse EQM for plugging and abandonment expenditures and other expenditures for certain identified wells of EQT and third parties. The reimbursement obligation of EQT with respect to wells owned by third parties is capped at $1.2 million per year.

- *Bare steel replacement.* EQT is required to reimburse EQM for bare steel replacement capital expenditures in the event that ongoing maintenance capital expenditures (other than capital expenditures associated with plugging and abandonment liabilities to be reimbursed by EQT) exceed $17.2 million (with respect to EQM's assets at the time of the IPO) in any year. If such ongoing maintenance capital expenditures and bare steel replacement capital expenditures exceed $17.2 million during a year, EQT is required to reimburse EQM for the lesser of (i) the amount of bare steel replacement capital expenditures during such year and (ii) the amount by which such ongoing capital expenditures and bare steel replacement capital expenditures exceeds $17.2 million. This bare steel replacement reimbursement obligation is capped at an aggregate amount of $31.5 million over the ten years following the IPO. Since EQM's IPO through the date of Separation, EQM has been reimbursed approximately $30.7 million for bare steel replacement capital expenditures by EQT. Amounts reimbursed are recorded as capital contributions when received.

- *Pipeline Safety Cost Tracker Reimbursement.* For a period of five years after the closing of the IPO, EQT was required to reimburse EQM for the amount by which the qualifying pipeline safety costs included in the annual pipeline safety cost tracker filings made by Equitrans, L.P. (Equitrans) with the FERC exceeded the qualifying pipeline safety costs actually recovered each year. This reimbursement obligation expired on July 2, 2017.

- *Taxes.* Until 60 days after the expiration of any applicable statute of limitations, EQT will indemnify EQM for any income taxes attributable to operations or ownership of the assets prior to the closing of the IPO, including any such income tax liability of EQM and its affiliates that may result from EQM's formation transactions.

- *Retained liabilities.* EQT is required to indemnify EQM for any liabilities, claims or losses relating to or arising from assets owned or previously owned by EQM and retained by EQT and its affiliates following the closing of the IPO.

- *Big Sandy Pipeline.* EQT is required to indemnify EQM for any claims related to Equitrans' previous ownership of the Big Sandy Pipeline, which was sold to a third party, including claims arising under the Big Sandy Purchase Agreement.

- *Contractual Offsets.* EQT is required to indemnify EQM for any amounts owed to EQM by a third party that has exercised a contractual right of offset against amounts owed by EQT to such third party.

EQM was obligated to indemnify EQT under the omnibus agreement for losses attributable to (i) EQM's ownership or operation of assets acquired by EQM from EQT at the time of the IPO, except to the extent EQT was obligated to indemnify EQM for such losses pursuant to the operation and management services agreement described "Operation and Management Services Agreement;" and (ii) any amounts owed to EQT by a third party that has exercised a contractual right of offset against amounts owed by EQM to such third party.

On November 13, 2018, in connection with the Separation, EQT terminated the omnibus agreement. Simultaneously with the termination of the omnibus agreement, EQT, EQM and the Former EQM General Partner entered into an amended and restated omnibus agreement in order to memorialize the following indemnification or reimbursement obligations of EQM and EQT under the terminated omnibus agreement, which survive such termination:

- EQT's obligation to indemnify or reimburse EQM for losses or expenses relating to or arising from (i) certain plugging and abandonment obligations, (ii) certain bare steel replacement capital expenditures, (iii) certain preclosing tax liabilities, (iv) any claims related to Equitrans' previous ownership of the Big Sandy Pipeline, and (v) any amounts owed to EQM by a third party that has exercised a contractual right of offset against amounts owed by EQT to such third party, in each case, as described above; and

- EQM's obligation to indemnify EQT for losses attributable to (i) the ownership or operation of EQM's assets, and (ii) any amounts owed to EQT by a third party that has exercised a contractual right of offset against amounts owed by EQM to such third party.

In connection with the Separation, Equitrans Midstream assumed all of EQT's obligations to indemnify and reimburse EQM described above, other than for those losses or expenses relating to or arising from plugging and abandonment obligations. During 2019, Equitrans Midstream reimbursed EQM approximately $0.7 million associated with bare steel replacement capital expenditures. As of December 31, 2019, Equitrans Midstream's reimbursement obligations associated with bare steel replacement capital expenditures has been capped.

See Note 8 for the amounts and categories of obligations described above for which EQT was obligated to indemnify and/or reimburse EQM pursuant to the omnibus agreement for the years ended December 31, 2019, 2018 and 2017.

Operation and Management Services Agreement

Upon the closing of the IPO, EQM entered into an operation and management services agreement with EQT Gathering, LLC (EQT Gathering), an indirect wholly owned subsidiary of EQT, under which EQT Gathering provided EQM's pipelines and storage facilities with certain operational and management services, such as operation and maintenance of flow and pressure control, maintenance and repair of EQM's pipelines and storage facilities, conducting routine operational activities, managing transportation and logistics, contract administration, gas control and measurement, engineering support and such other services as EQM and EQT Gathering mutually agreed upon from time to time. EQM reimbursed EQT Gathering for such services pursuant to the terms of its omnibus agreement with EQT. In December 2017, the operation and management services agreement was replaced in its entirety by the secondment agreement, as described under "Secondment Agreement."

Secondment Agreement

On December 7, 2017, EQT, EQT Gathering, Equitrans, EQM and the EQM General Partner entered into a secondment agreement, pursuant to which available employees of EQT and its affiliates were seconded to EQM and its subsidiaries to provide operating and other services with respect to EQM's business under the direction, supervision and control of EQM or its subsidiaries. EQM reimbursed EQT for the services provided by the seconded employees pursuant to the secondment agreement. On November 13, 2018, in connection with the Separation, EQT terminated the secondment agreement.

See Note 8 for the amounts and categories of expenses described above for which EQM was obligated to reimburse EQT pursuant to the omnibus agreement, the secondment agreement and the operation and management services agreement, as applicable, with EQT for the years ended December 31, 2019, 2018 and 2017.

Second Amended and Restated Omnibus Agreement

On November 13, 2018, in connection with the Separation, EQT terminated the amended and restated omnibus agreement previously entered into by and among EQT, EQT RE, LLC (EQT RE), RMP, the RMP General Partner and EQM Poseidon Midstream LLC (EQM Poseidon) in connection with Rice Merger. Simultaneously with the termination of the amended and restated omnibus agreement, EQT, EQT RE, RMP, the RMP General Partner and EQM Poseidon entered into a second amended and restated omnibus agreement in order to memorialize the following indemnification obligations of RMP and its subsidiaries (the RMP Group) and EQT RE under the terminated amended and restated omnibus agreement, which survive such termination:

- EQT RE's obligation to indemnify the RMP Group for losses or expenses relating to or raising from (i) any event or condition related to the assets owned by EQT and certain of the entities it controls (the EQT Entities) not conveyed to the RMP Group, and (ii) certain preclosing tax liabilities; and

- the RMP Group's obligation to indemnify the EQT Entities for losses attributable to the ownership or operation of the RMP Group's assets.

Neither EQT RE nor the RMP Group was obligated to pay any amounts as indemnification under the second amended and restated omnibus agreement for the year December 31, 2019.

Shared Use Agreement

In connection with the Separation, EQM executed a shared use agreement with EQT Production Company, an indirect wholly-owned subsidiary of EQT (EPC), pursuant to which, subject to the terms and conditions thereof, each party is entitled to access and use certain real property (including rights-of-way), equipment, facilities and records identified therein of the other party.

Acquisitions Involving EQM and EQT

2018 Drop-Down Transaction

On April 25, 2018, EQM executed a Contribution and Sale Agreement (the Contribution Agreement) with EQT, Rice Midstream Holdings LLC, a wholly owned subsidiary of EQT, and EQM Gathering Holdings, LLC (EQM Gathering), a wholly owned subsidiary of EQM, pursuant to which EQM Gathering acquired from EQT all of the outstanding limited liability company interests in each of (i) EQM Olympus Midstream LLC (EQM Olympus), (ii) Strike Force Midstream Holdings LLC and (iii) EQM West Virginia Midstream LLC in exchange for an aggregate of 5,889,282 EQM common units and aggregate cash consideration of $1.15 billion, subject to customary purchase price adjustments (the 2018 Drop-Down Transaction). The parties to the Contribution Agreement completed the 2018 Drop-Down Transaction on May 22, 2018, with an effective date of May 1, 2018. As a result of the 2018 Drop-Down Transaction and the Gulfport Transaction, EQM currently owns 100% of Strike Force Midstream LLC.

NWV Gathering Contribution Agreement and Preferred Interest

On March 10, 2015, EQM entered into a contribution and sale agreement pursuant to which, on March 17, 2015, EQT contributed the Northern West Virginia Marcellus Gathering System (NWV Gathering) to EQM Gathering (NWV Gathering Acquisition).

The contribution and sale agreement also contemplated the sale to EQM of a preferred interest in EES, which at the time was an indirect wholly owned subsidiary of EQT. EES generates revenue from services provided to an LDC. This sale was completed on April 15, 2015. The consideration paid by EQM to EQT in connection with the acquisition of the preferred interest in EES was approximately $124.3 million. During the years ended December 31, 2019, 2018 and 2017, EQM received $11.0 million of distributions from EES in respect of its preferred interest.

Rice Water Services Acquisition

As a result of the EQM-RMP Merger, EQM acquired RMP's interest in Rice Water Services (PA) LLC and Rice Water Services (OH) LLC (the Rice Water Entities) and, until December 31, 2025, (i) the exclusive right to develop water treatment facilities in the areas of dedication defined in the Water Services Agreements (as further discussed below) and (ii) an option to purchase any water treatment facilities acquired by certain subsidiaries of EQT in such areas at the acquisition cost (collectively, the Option). RMP executed a Purchase and Sale Agreement with Rice Energy on November 4, 2015, pursuant to which RMP acquired from Rice Energy all of the outstanding limited liability company interests of the Rice Water Entities (the Rice Water Services Acquisition). The acquired business included Rice Energy's Pennsylvania and Ohio fresh water distribution systems and related facilities that provided access to 59.0 MMgal per day (49.0 MMgal per day in Pennsylvania and 10.0 MMgal in Ohio) of fresh water from the Monongahela River, the Ohio River and other regional water sources in Pennsylvania and Ohio as of December 31, 2019. In connection with the Rice Water Services Acquisition, Rice Energy also granted RMP the Option. The closing of the Rice Water Services Acquisition occurred on November 4, 2015. The aggregate consideration paid by RMP to Rice Energy in connection with the acquisition of the Rice Water Entities and the receipt of the Option was $200 million in cash, which was funded with borrowings under RMP's revolving credit facility.

Gas Gathering Agreements

EQM has engaged in discussions with EQT regarding the potential simplification of existing gathering and water services agreements. EQM cannot predict the final contractual terms, if any, which might result from such discussions or related financial, operational or other effects of any new agreements or amendments to such existing agreements, and the timing of resolution of such discussions.

For the years ended December 31, 2019, 2018 and 2017, EQT accounted for approximately 72%, 80% and 88%, respectively, of EQM's gathering revenues.

Eureka Gas Gathering Agreements

On February 17, 2012, Eureka Hunter Pipeline, LLC entered into a gas gathering services agreement with Stone Energy Corporation (successor in interest to EQT) for gathering services subject to two separate Individual Transaction Confirmations

(each an "ITC"). Under ITC No. EHP-Stone-005, Eureka Midstream provides gathering services on the Lewis Wetzel Low Pressure Gas Gathering System and produced liquids gathering for a term of 8-year term (with year-to-year rollovers). Under the agreement, Eureka Midstream gathers EQT's gas from the Mills Wetzel production area and delivers gas to a central production facility (Carbide Facility) for compression, dehydration, metering and delivery to the MarkWest Mobley Gas Processing Plant. Eureka Midstream is also responsible for separation of produced liquids at the Carbide Facility. Under ITC No. EHP-Stone-004, Eureka Midstream provides interruptible gathering services on its TCP Residue Lateral line, by accepting residue gas at the MarkWest Mobley Gas Processing Plant and delivering same to the Smithfield - Mobley TCO meter. The term of such service is month to month.

EQM Gas Gathering Agreements

On April 30, 2014, EQT entered into a gas gathering agreement (the Jupiter Gas Gathering Agreement) with EQT Gathering for gathering services on the Jupiter gathering system (Jupiter). The Jupiter Gas Gathering Agreement has a 10-year term (with year-to-year rollovers), which began on May 1, 2014. Under the agreement, EQT subscribed for approximately 225 MMcf per day of firm compression capacity which was available on Jupiter at that time. In the fourth quarter of 2014, EQM placed one compressor station in service and added compression at the two existing compressor stations in Greene County, Pennsylvania. This expansion added approximately 350 MMcf per day of compression capacity. EQT's firm capacity subscribed under the Jupiter Gas Gathering Agreement increased by 200 MMcf per day effective December 1, 2014 and by 150 MMcf per day effective January 1, 2015. In the fourth quarter of 2015, EQM completed an additional expansion project which brought the total Jupiter compression capacity to approximately 775 MMcf per day. EQT's firm capacity subscribed under the Jupiter Gas Gathering Agreement increased by approximately 50 MMcf per day effective October 1, 2015 and approximately 150 MMcf per day effective November 1, 2015. The Jupiter Gas Gathering Agreement provides for separate terms of up to 10 years from the applicable in service date (with year-to-year rollovers) for the compression capacity associated with each expansion project. EQT also agreed to pay a monthly usage fee for volumes gathered in excess of firm compression capacity. In connection with the closing of EQT's contribution of Jupiter to EQM Gathering Opco, LLC, an indirect wholly owned subsidiary of EQM (EQM Gathering Opco), on May 7, 2014, the Jupiter Gas Gathering Agreement was assigned to EQM Gathering Opco.

On March 10, 2015, EQT entered into two gas gathering agreements with EQT Gathering for gathering services on the NWV Gathering system. The gathering agreement for gathering services on the wet gas header pipeline (WG-100 Gas Gathering Agreement) has a 10-year term (with year-to-year rollovers), beginning March 1, 2015. Under the agreement, EQT has subscribed for approximately 400 MMcf per day of firm capacity currently available on the wet gas header pipeline. EQT also agreed to pay a usage fee for each dekatherm of natural gas gathered in excess of firm capacity. In connection with the closing of the NWV Gathering Acquisition, the WG-100 Gas Gathering Agreement was assigned to EQM Gathering Opco.

The gas gathering agreement for gathering services in the Mercury, Pandora, Pluto and Saturn development areas (MPPS Gas Gathering Agreement) has a 10-year term (with year-to-year rollovers), beginning March 1, 2015. Under the agreement, EQT initially subscribed for approximately 200 MMcf per day of firm capacity then available in the Mercury development area, 40 MMcf per day of firm capacity in the Pluto development area and 220 MMcf per day of firm capacity in the Saturn development area. EQT's firm capacity subscribed under the MPPS Gas Gathering Agreement increased by 100 MMcf per day effective December 1, 2015 related to the completed expansion project in the Pandora development area. An additional expansion project brought the total Saturn compression capacity to 300 MMcf per day effective November 1, 2016. During 2019, EQT agreed to waive the requirement that certain pressures in the Saturn system be reduced and compression be increased. EQT has agreed to separate 10-year terms (with year-to-year rollovers) for the compression capacity associated with each expansion project. EQT also agreed to pay a usage fee for each dekatherm of natural gas gathered in excess of firm capacity. In connection with the closing of the NWV Gathering Acquisition, the MPPS Gas Gathering Agreement was assigned to EQM Gathering Opco.

Effective as of October 1, 2016, EQT entered into a 10-year (with year-to-year rollovers) gas gathering agreement for services in the Applegate/McIntosh and Terra development areas in southwestern Pennsylvania and the Taurus development area in northern West Virginia (the AMTT Gathering Agreement). Under the agreement, EQT initially subscribed for total firm capacity of approximately 235 MMcf per day. Effective September 1, 2018, the contracted firm capacity under the agreement increased to an aggregate of 365 MMcf per day during the remaining life of the contract in connection with, among other things, an expected expansion project in the Applegate/McIntosh development area. EQT also agreed to pay a usage fee for each dekatherm of natural gas gathered in excess of firm capacity. In connection with the closing of EQM's acquisition of certain gathering and transmission assets from EQT in October 2016, the AMTT Gathering Agreement was assigned to EQM Gathering Opco.

Effective as of April 1, 2019, EQT and EPC entered into a gas gathering agreement (the Stonewall Valley Gathering Agreement) with EQM for gathering services with respect to production from natural gas wells from EQT's Stonewall Valley Unit, Mingo Unit and Kevech Unit, all located in Washington County, PA. The Stonewall Valley Gathering Agreement has a

10-year term (with year-to-year rollovers), which begins on the "Earlier In-Service Date," which is defined as the first to occur of (i) the New Pipeline Phase II In-Service Date and (ii) the New Pipeline Phase III In-Service Date, as described in the Stonewall Valley Gathering Agreement.

As a result of the Rice Merger, the surviving entity acquired all of Rice Energy's rights and assumed all of Rice Energy's obligations under a second amended and restated gas gathering and compression agreement executed on March 31, 2017 with EQM Olympus, which became a wholly-owned subsidiary of EQM on May 22, 2018 as a result of the 2018 Drop-Down Transaction. Pursuant to the agreement, EQM provides gathering services to EQT in Belmont County, Ohio. The agreement has a 15-year term that began on December 22, 2014 (with month-to-month rollovers). Under the agreement, Rice Energy initially subscribed for total guaranteed capacity of approximately 100 MMcf per day to the Dominion East Ohio delivery point. Over the course of the agreement, new delivery points came online: Texas Eastern Pipeline (April 30, 2015; 200 MMcf per day), Rockies Express Pipeline (December 31, 2015; 225 MMcf per day), ET Rover Pipeline (September 1, 2017; 100 MMcf per day) and Leach Xpress Pipeline (November 1, 2017; 200 MMcf per day). With the foregoing expansion, the total guaranteed capacity under the agreement increased to approximately 825 MMcf per day across all delivery points. EQT also delivers gas to the Goliath delivery point on an interruptible basis. EQT will pay a fixed fee (based on the applicable receipt and delivery points) per dekatherm of natural gas delivered. In addition to gathering services, EQM Olympus agreed to provide interconnection and compression services for an additional fee.

On June 8, 2017, EQT and two third party producers entered into a 15-year (with year-to-year rollovers) gas gathering agreement with EQM Gathering Opco for gathering services on the Marianna Gathering System (the Marianna Gas Gathering Agreement), pursuant to which EQT will pay a fixed fee per dekatherm of natural gas, subject to certain annual and other adjustments, gathered by EQM Gathering Opco. During 2019, Equitrans connected EQT's Gahagan Pad to the Marianna Gathering System. Under the Marianna Gas Gathering Agreement, EQT also dedicated approximately 10,100 acres and any future acreage EQT acquires within the dedication area during the term to EQM Gathering Opco.

On August 8, 2017, EQT entered into a 10-year (with year-to-year rollovers) gas gathering agreement with EQM Gathering for gathering services on the River Pad Gathering System (the River Pad Gas Gathering Agreement). Under the agreement, EQT has subscribed for approximately 30 MMcf per day of firm capacity that became available in the second quarter of 2018. Under the River Pad Gas Gathering Agreement, EQT also dedicated approximately 30,000 acres and any future acreage EQT acquires within the dedication area during the term to EQM Gathering Opco and agreed to pay a usage fee for each dekatherm of natural gas gathered in excess of firm capacity.

EQT Energy, LLC (EQT Energy), an indirect wholly owned subsidiary of EQT, is a party to a gas gathering agreement with EQM for interruptible service on EQM's FERC-regulated low pressure gathering system. The agreement has a primary term of one year and renews automatically for one-month periods, subject to 30 days prior written notice by either party to terminate. Service under this gathering agreement is fee based at the rate specified in EQM's tariff.

On February 12, 2018, EQT Energy and EPC executed a gas gathering agreement (the Hammerhead Gas Gathering Agreement) with EQM Gathering Opco to provide gathering and transmission services from receipt points on the Jupiter gathering system, Marianna gathering system and a gathering system in Washington County, Pennsylvania and delivery into the Texas Eastern Pipeline and the MVP. The Hammerhead Gas Gathering Agreement has a 20-year term (with year-to-year rollovers). A portion of the Hammerhead project is expected become operational in the first quarter of 2020 and will provide interruptible service until the MVP is placed in-service, at which time the firm capacity commitment will begin. The Hammerhead project has a targeted full in-service date of late 2020. Under the agreement, EQT has subscribed for approximately 1,200 million dekatherm (MDth) per day of firm gathering capacity during the life of the contract. The capacity reservation charge under the contract is fixed, subject to certain annual and other adjustments, including certain adjustments in the event the in-service date under the agreement has not occurred by the end of the third quarter of 2020. EQT has agreed to pay a usage fee for each dekatherm of natural gas gathered in excess of firm capacity. Effective as of June 1, 2019, the parties agreed that the western receipt point on the Jupiter Gathering System would be removed from the Hammerhead project, which is contemplated to save approximately $51 million in capital, and that capital would be redeployed in order to (i) connect Hammerhead to the DTI TL-360 downstream pipeline, and (ii) add a receipt point at Throckmorton with an associated MDQ of 600,000 Dth per day, and (iii) add incremental compression on the gathering system up to 1440 psig and extending high pressure-low pressure system upstream of the Throckmorton receipt point. These amendments were made in connection with other agreements of the parties relative to Claysville (Pisces) Gathering System described below.

On June 7, 2018, EQT Energy and EPC executed a gas gathering agreement with EQM for gathering services in the Claysville (Pisces) development area (the Claysville Gas Gathering Agreement). The Claysville Gas Gathering Agreement has a 10-year term (with year-to-year rollovers), which is expected to begin in the fourth quarter of 2020 following the in-service date of the Claysville (Pisces) Gathering System. Under the agreement, EQT initially subscribed for total firm capacity of approximately 200,000 MDth per day. The contracted firm capacity will increase to 300,000 MDth per day during the life of the contract. The

capacity reservation charge under the contract is fixed, subject to certain annual and other adjustments. Effective as of June 1, 2019, EQT has agreed to a minimum volume commitment following the in-service date and a related deficiency charge for failure to flow gas at the agreed volume commitment in exchange for EQM's agreement to provide both low-pressure and high-pressure service to each receipt point.

Legacy RMP Gas Gathering Agreements

As a result of the EQM-RMP Merger, the surviving entity acquired all of RMP's rights and assumed all of RMP's obligations under various gas gathering agreements with EQT and its affiliates, as described in detail below.

As a result of the EQM-RMP Merger, the surviving entity assumed RMP's obligations under a fixed price per unit gathering and compression agreement executed on December 22, 2014 with Rice Energy (which was acquired by EQT as a result of the Rice Merger) that expires in December 2029. Pursuant to the agreement, EQM gathers natural gas on certain of the Washington and Greene Counties, Pennsylvania gathering systems acquired by EQM as a result of the EQM-RMP Merger and provides compression services. Under the agreement, EQM charges EQT a gathering fee of $0.30 per dekatherm and a compression fee of $0.07 per dekatherm per stage of compression, each subject to annual adjustment for inflation based on the Consumer Price Index. This agreement covers approximately 209,000 gross acres of EQT's acreage position in the dry gas core of the Marcellus Shale in southwestern Pennsylvania as of December 31, 2019 and, subject to certain exceptions and limitations pursuant to the gas gathering and compression agreement, any future acreage certain affiliates of EQT acquire within these counties.

Pursuant to the gas gathering and compression agreement, EQT will from time to time provide EQM with notice of the date on which it expects to require gas production to be delivered from a particular well pad. Subject to the provisions described in the following paragraph, EQM will be obligated to build out its gathering systems to such well pad and to install facilities to connect all wells planned for such well pad as soon as reasonably practicable, but in any event within one year of receipt of such notice, subject to extension for force majeure, including inability to obtain or delay in obtaining permits and rights of way.

EQM will be obligated to connect all of EQT's wells that produce gas from the area dedicated to EQM under the gas gathering and compression agreement that (i) were completed as of the closing date of RMP's IPO, (ii) were included in Rice Energy's initial development plan for drilling activity for the period from the closing date of RMP's IPO through December 31, 2017 or (iii) are within five miles of the gas gathering system acquired by EQM as a result of the EQM-RMP Merger on the date EQT provides EQM with notice that a new well pad is expected to require gathering services. For wells other than those described in the preceding sentence, EQM and EQT will negotiate in good faith an appropriate gathering fee. If EQM cannot reach agreement with EQT on a gathering fee for any such additional well, EQT will have the option to have EQM connect such well to its gathering systems for a gathering fee of $0.30 per dekatherm and bear the incremental cost of constructing the connection to such well in excess of the cost EQM would have incurred to connect a well located on the five-mile perimeter, or EQT will cause such well to be released from EQM's dedication under the gas gathering and compression agreement.

As a result of the EQM-RMP Merger, the surviving entity assumed RMP's obligations under a fixed price per unit gathering and compression agreement executed on December 18, 2015 with Rice Energy (which was acquired by EQT as a result of the Rice Merger). Pursuant to the agreement, EQM gathers natural gas on the Washington County, Pennsylvania gathering system acquired by EQM as a result of the EQM-RMP Merger and provides compression services to EQT. The current term of this agreement expires in January 2021 with a 10-year extension term and renews on an annual basis after the expansion term. Under the agreement, EQM receives fixed gathering and compression fees per dekatherm, each subject to annual adjustment for inflation based on the Consumer Price Index. This agreement covers the Cracker Jack Area of Mutual Interest, which consists of approximately 29,000 gross acres of EQT's acreage position in Washington County (the CJ AMI) as of December 31, 2019. Upon notice from EQT, EQM will be obligated to connect additional EQT wells within the CJ AMI. Following receipt of all necessary permits and rights of way relating to such additional connections, EQM will have three weeks for completion of each mile of pipeline required for such connection, with the exception of any pipeline to be located less than one mile from EQM's existing gathering system, for which the connection must be completed within eight weeks of receiving all necessary permits and rights of way.

Also, as a result of the EQM-RMP Merger, the surviving entity assumed RMP's obligations under a 15-year, fixed price per unit gathering and compression agreement executed on October 21, 2015 with Rice Energy (which was acquired by EQT as a result of the Rice Merger). Pursuant to the agreement, EQM gathers natural gas on the Washington County, Pennsylvania gathering system acquired by EQM as a result of the EQM-RMP Merger and provides compression services to EQT. Under the agreement, EQM receives fixed gathering and compression fees per dekatherm, each subject to annual adjustment for inflation based on the Consumer Price Index. This agreement covers approximately 2,200 gross acres of EQT's acreage position in Washington County as of December 31, 2019.

Effective as of December 16, 2016, in connection with an acquisition by EQT, EQT assumed the obligations under the Appalachia North Gathering System Gas Gathering Agreement, to which RMP was a party prior to the EQM-RMP Merger. As

a result of the EQM-RMP Merger, the surviving entity assumed RMP's obligations under this agreement to gather natural gas on the Washington County, Pennsylvania gathering system acquired by EQM as a result of the EQM-RMP Merger and provide compression services to EQT. Under the agreement, EQM receives fixed gathering and compression fees per dekatherm, each subject to annual adjustment for inflation based on the Consumer Price Index. The initial term of this agreement is until December 31, 2023 and it covers approximately 4,000 gross acres of EQT's acreage position in Washington County as of December 31, 2019.

Effective as of October 19, 2016, in connection with RMP's acquisition in October 2016 of certain midstream assets previously owned by affiliates of Vantage Energy, LLC (the Vantage Midstream Asset Acquisition), RMP acquired Vantage Energy II Access LLC, which became an indirect wholly-owned subsidiary of EQM as a result of the EQM-RMP Merger. Vantage Energy II Access LLC is party to a gas gathering agreement with an affiliate of EQT. Pursuant to the agreement, EQM gathers natural gas on its Windridge gathering system and provides compression and dehydration services to EQT. The initial term of this agreement expires in December 2023, with monthly renewal terms thereafter. Under the agreement, EQM receives fixed gathering, compression and dehydration fees per dekatherm, each subject to an annual adjustment for inflation based upon the Consumer Price Index. Under this agreement, EQT dedicates the first 20,000 dekatherm per day of gas in Greene County, Pennsylvania to the Windridge gathering system, and may also deliver gas from the Utica formation or other locations outside the dedicated acreage, which will count towards EQT's dedication. Upon notice from EQT, EQM will be obligated to connect additional receipt and delivery points on the Windridge gathering system at EQT's sole cost.

Additionally, Vantage Energy II Access LLC is party to a letter agreement with an affiliate of EQT, among other parties, pursuant to which EQM facilitates the crossflow of EQT's gas into the Windridge gathering system from its Rogersville gathering system for an additional 25% of the gathering fee and an additional 100% of the compression fee applicable to services provided to EQT on its Windridge system.

On November 25, 2015, Rice Poseidon Midstream LLC, which became an indirect wholly-owned subsidiary of EQM as a result of the EQM-RMP Merger, executed a fixed price per unit gas gathering agreement with a subsidiary of Rice Energy (which was acquired by EQT as a result of the Rice Merger). Pursuant to the agreement, EQM gathers and compresses natural gas on its Whipkey gathering system and connects its gathering system with the ASR gathering system. The primary term of this agreement expires in November 2025, with yearly evergreen renewal terms thereafter. EQM receives fixed gathering and compression fees per dekatherm. Additionally, it receives an interconnect fee on a monthly basis per dekatherm received at each applicable receipt point. All fees are subject to an annual adjustment based on the Consumer Price Index. This agreement covers approximately 2,200 gross acres of EQT's gross acreage position in Greene County, Pennsylvania as of December 31, 2019. Under this agreement, EQT dedicates all gas from the subject acreage to the Whipkey gathering system.

On September 14, 2017, Rice Poseidon Midstream LLC, which became an indirect wholly-owned subsidiary of EQM as a result of the EQM-RMP Merger, executed a gas gathering agreement with two subsidiaries of EQT. Pursuant to the agreement, EQM provides gathering services for EQT's State Gamelands 179 Well Pad in Greene County, Pennsylvania. The initial term of the agreement expires in September 2032 (with year-to-year rollovers). EQT initially subscribed for total guaranteed capacity of approximately 200 MMcf per day, with additional volumes delivered on an interruptible basis. Beginning on January 1, 2020, and continuing each year thereafter, EQT and EQM will adjust the total guaranteed capacity for the following year to account for new dedicated gas to be brought online and taking into account the average volume of gas delivered in excess of total guaranteed capacity during the six months prior to the adjustment. Also, under the agreement, EQT has dedicated all gas from the Marcellus formation or above that is produced from wells located in the State Gamelands 179 Well Pad. EQT may also dedicate new gas under the agreement upon notice to EQM, which would result in an upward adjustment to total guaranteed capacity after January 1, 2020, as described above. EQM provides both gathering and compression services, with separate fixed fees charged per dekatherm of gas gathered and compressed.

Transportation Service and Precedent Agreements

For the years ended December 31, 2019, 2018 and 2017, EQM's transportation agreements with EQT accounted for approximately 65%, 62% and 64%, respectively, of the natural gas throughput on EQM's transmission and storage system and 56%, 47% and 54%, respectively, of EQM's transmission revenues.

EQT Energy has contracted with Equitrans for firm transmission capacity with a primary term through October of 2024. The reserved capacity under this contract was 1,076 BBtu per day through August 1, 2016, is 1,035 BBtu through July 1, 2023 and will decrease as follows thereafter: 630 BBtu on July 1, 2023, 325 BBtu on September 1, 2023 and 30 BBtu on October 1, 2024. EQT Energy's firm transportation agreement will automatically renew for one year periods upon the expiration of the primary term, subject to six months prior written notice by either party to terminate. In addition, during 2017, EQT Energy assumed a contract for 20 BBtu per day of firm transmission capacity with a primary term through June 30, 2024 which will automatically renew for one year periods upon the expiration of the primary term, subject to six months prior written notice by

either party to terminate. On November 13, 2017, EQT acquired a contract for 105 BBtu per day of firm transmission capacity with a primary term through October 31, 2018, which automatically renewed on November 1, 2018 and November 1, 2019 and will continue to automatically renew for one year periods upon the expiration of the then-current term, subject to six months prior written notice by either party to terminate. EQM has also entered into agreements with EQT Energy to provide (i) interruptible transmission service, which is currently renewing automatically for one year periods, subject to six months prior written notice by either party to terminate; and (ii) interruptible wheeling service, which is currently renewing automatically for one year periods, subject to one month prior written notice by either party to terminate.

In January 2016, EQT Energy entered into a firm transportation agreement for 650 BBtu per day of firm transmission capacity on EQM's Ohio Valley Connector pipeline. The firm transmission capacity became available when the pipeline began service on October 1, 2016. This agreement has a primary term through September 30, 2036.

EQT Energy is also party to a precedent agreement and service agreement with Equitrans for 300 BBtu per day of firm transmission capacity for a 20-year term utilizing proposed capacity that will be created by EQM's proposed Equitrans, L.P. Expansion project. The firm reservation charges and EQT Energy's associated capacity commitment for the Equitrans, L.P. Expansion project will commence once MVP is placed in service, which EQM is targeting in late 2020.

In connection with the Marianna Gas Gathering Agreement, on August 7, 2017, EQT Energy entered into a two-year (with month-to-month rollovers) transportation service agreement with Equitrans, under which EQT Energy pays a fixed fee per dekatherm of natural gas transported under the agreement. The transmission agreement was effective on September 1, 2017.

In connection with the River Pad Gas Gathering Agreement, on July 25, 2017, EQT Energy entered into a 10-year (with year-to-year rollovers) transportation service agreement with Equitrans for approximately 30 MMcf per day of firm transportation capacity. The firm transmission capacity became available upon completion of the River Pad project, which was completed in the second quarter of 2018.

Storage Agreements

EQM is not currently a party to any firm storage agreements with EQT. EQM does, however, provide balancing, lending and parking services to EQT pursuant to Rate Schedule LPS. For the years ended December 31, 2019, 2018 and 2017, EQT accounted for approximately 9%, 3% and 2%, respectively, of EQM's storage revenues.

Water Services Agreements

For the years ended December 31, 2019 and 2018, and for the period from November 13, 2017 through December 31, 2017, EQT represented 89%, 93% and substantially all of EQM's water service revenues, respectively.

EQM Water Services Agreements

On June 18, 2018, EQM executed a water services agreement with EQT whereby EQM agreed to provide, on an interruptible basis, fresh water for use in connection with well drilling, hydro-fracturing and extraction operations at EQT's Carpenter well pad located in Greene County, Pennsylvania. The agreement has an initial term of five years, beginning on the in-service date of the water system, which occurred on July 17, 2018, and may be extended by the written agreement of the parties thereafter. Under the agreement, EQM receives a fixed fee for freshwater deliveries by pipeline directly to the Carpenter well pad. EQM and EQT entered into an Amended and Restated Water Services Agreement for the Carpenter well pad effective December 3, 2018 (Amended Carpenter Agreement). Pursuant to the Amended Carpenter Agreement, EQM will provide fresh water from its Washington and Greene County and Southwestern Pennsylvania Water Authority (SPWA) systems to the Carpenter well pad at a fixed rate paid by EQT. EQM's service will be provided on an interruptible basis, although EQT has committed to exclusively use EQM's water for the Carpenter well pad up to the required daily volume (on days EQT withdraws water). The Amended Carpenter Agreement contemplates a target in-service date of June 1, 2019, has an initial term of five years from the effective date and may be extended by written agreement of the parties thereafter.

Effective July 13, 2018, EQM executed a water services agreement with EQT whereby EQM agreed to provide, on an interruptible basis, fresh water for use in connection with hydraulic fracturing and drilling operations and other related operations in EQT's Claysville (Pisces) development area, subject to a minimum annual volume commitment. Under the agreement, EQM agreed to construct and operate a fresh water system connecting the SPWA's water system to each well within the Claysville (Pisces) development area for the delivery of fresh water under the water services agreement. The agreement has an initial term of ten years from the in-service date of the fresh water system, which is expected to occur in the second quarter of 2019, and will continue from year to year thereafter. Under the agreement, EQM will receive, in addition to certain other fees, (i) fixed fees per gallon based upon the volume of fresh water deliveries over the term of the agreement, subject to annual

consumer price index adjustments, (ii) fees assessed by SPWA or another third party to source fresh water for delivery through the fresh water system; and (iii) reimbursement for all operational costs and fees to provide water to EQT.

In December 2018, Equitrans Water Services (PA), LLC executed three additional water services agreements with EQT Production Company to design, construct, operate and maintain fresh water systems for the purpose of providing fresh water services to support EQT's well drilling, hydraulic fracturing and extraction work at several of its operations at various locations in Washington and Greene Counties, Pennsylvania:

- Third Amended and Restated Water Services Agreement, dated December 3, 2018 (Kevech/Smith Agreement). Pursuant to the Kevech/Smith Agreement, Equitrans Midstream will provide fresh water from its Washington and Greene County system to EQT's SR-917, Xman, Cashdollar, Kevech, Smith and Mojo well pads and charge a fixed rate paid that varies by delivery point. Equitrans Midstream's service will be provided on an interruptible basis, although EQT has committed to exclusively using Equitrans Midstream's water provided from the Smith and Kevech delivery points. EQT must provide 60 days' notice prior to required service at the Cashdollar, Smith, and Kevech delivery points and 45 days' notice prior to required service for all other delivery points. The Kevech/Smith Agreement has an initial term expiring October 21, 2022, which may be extended annually by EQT with prior notice for up to four periods of one year each.

- Water Services Agreement, dated December 3, 2018 (Steelhead Agreement). Pursuant to the Steelhead Agreement, Equitrans Midstream will provide fresh water from the SPWA system to EQT's Hunter, Gahagan, Gregor, Lacko and Sanders well pads (and any additional delivery points added within 2,500 feet of each pad) and charge a tiered rate paid based upon water volumes provided. Equitrans Midstream's service is provided on a firm basis up to EQT's agreed minimum annual water volume commitment and on an interruptible basis thereafter. The Steelhead Agreement contemplates an in-service date within November 15 and December 1, 2018 and has an initial term of ten years which can be extended year to year thereafter.

- Water Service Agreement, dated December 10, 2018 (SGL-179 Agreement). Pursuant to the SGL-179 Agreement, Equitrans Midstream will provide fresh water from the SPWA system to EQT's State Game Lands 179 well pad (and any additional delivery points that are added within a 1.5 mile radius around the SGL-179 pad) and charge a tiered rate paid based upon water volumes provided. Equitrans Midstream's service is to be provided on a firm basis up to EQT's agreed minimum annual water volume commitment and on an interruptible basis thereafter. The SGL-179 Agreement contemplates an in-service date range within June 1 and June 15, 2019 and has an initial term of ten years which can be extended year to year thereafter.

EQM Gathering Opco LLC and EQT also entered into a letter agreement dated December 3, 2018 memorializing EQM's commitment in furtherance of existing water services agreements between Equitrans Water Services (OH) LLC and Equitrans Water Services (PA) LLC and EQT to provide and transfer fresh water from EQM owned and operated impoundments in Ohio and Pennsylvania to EQT operations (Impoundment Agreement). Pursuant to the Impoundment Agreement, EQM will provide this service on an interruptible basis and EQM has the sole right to agree to, limit, or reject EQT service requests. EQT is responsible for all costs incurred to provide this service and will pay EQM a fixed rate for supplied water. EQT shall provide as much notice as reasonably possible prior to required in-service dates and the Impoundment Agreement will remain effective until the parties mutually agree to terminate it.

Legacy RMP Water Services Agreements

As a result of the EQM-RMP Merger, the surviving entity assumed RMP's obligations under a Second Amended and Restated Water Services Agreement executed on June 13, 2017 with EQT, pursuant to which EQM provides certain freshwater services to EQT for various delivery points in Washington and Greene Counties, Pennsylvania. The term of the agreement expires on October 15, 2020. Under the agreement, EQM receives fees per gallon based upon the relevant delivery point.

As a result of the EQM-RMP Merger, the surviving entity assumed RMP's obligations under water services agreements executed on November 4, 2015 with Rice Energy, pursuant to which EQM provides certain fluid handling services to EQT, including the exclusive right to provide fresh water for well completions operations in the Marcellus and Utica Shales and to collect and recycle or dispose of flowback and produced water within areas of dedication in defined service areas in Pennsylvania and Ohio. The initial term of the water services agreements expires in December 2029 and continues from month to month thereafter. Under the agreements, EQM will receive (i) a variable fee, based on volumes of water supplied, for freshwater deliveries by pipeline directly to the well site, subject to annual consumer price index adjustments, and (ii) a produced water hauling fee of actual out-of-pocket cost incurred by it, plus a 2% margin.

The table below sets forth the revenues recognized by EQM with respect to the gathering, transmission and storage and water services agreements described above with EQT or its affiliates for the years ended December 31, 2019, 2018 and 2017.

	Years Ended December 31,		
	2019	2018	2017
	(Thousands)		
DESCRIPTION OF REVENUE			
Gathering	$ 833,223	$ 798,104	$ 450,374
Transmission	218,330	210,021	202,016
Water Service	71,073	103,164	13,549
Total	$ 1,122,626	$ 1,111,289	$ 665,939

Pipeline, Construction, Ownership and Operating Agreement

A subsidiary of EQT is party to a Pipeline, Construction, Ownership and Operating Agreement (the Whipkey Agreement) pursuant to which it owned a 60% working interest in a joint venture that owns a natural gas gathering pipeline in Greene County, Pennsylvania. The gathering pipeline owned by the joint venture is connected to seven producing wells operated by EQT. The Whipkey Agreement was contributed to RMP, which was acquired by EQM as a result of the EQM-RMP Merger, in connection with the closing of RMP's IPO. RMP, prior to the EQM-RMP Merger, and EQM, following the EQM-RMP Merger, recognized approximately $3.1 million, $1.8 million and $2.1 million of revenue, respectively, during the years ended December 31, 2019, 2018 and 2017, respectively, pursuant to the Whipkey Agreement.

EQT Corporation Guaranty

EQT has guaranteed the payment obligations of certain of its subsidiaries, up to a maximum amount of $115 million, $50 million and $30 million related to gathering, transmission and water services, respectively, across all applicable contracts, for the benefit of the subsidiaries of EQM providing such services. In January 2020, EQT's guaranty in relation to its transmission contracts with EQM increased to $131 million. In connection with the execution of the EQT Global GGA and related agreements, EQM agreed to relieve certain credit posting requirements for EQT under its commercial agreements with EQM, subject to EQT maintaining a minimum credit rating from two of three rating agencies of (i) Ba3 with Moody's, (ii) BB- with S&P and (iii) BB- with Fitch. See Note 15 for further discussion regarding EQM's exposure to credit risk. The guarantees will terminate upon EQT's providing 30 days written notice.

364-day Uncommitted Revolving Loan Agreement

In October 2016, EQM entered into a $500 million, 364-day, uncommitted revolving loan agreement with EQT (the 364-Day Facility). The 364-Day Facility was available for general partnership purposes and did not contain any covenants other than the obligation to pay accrued interest on outstanding borrowings. Interest accrued on any outstanding borrowings at an interest rate equal to the rate then applicable to similar loans under the revolving credit agreement with the largest aggregate commitment amount to which EQM was then a party, less the sum of (i) the then applicable commitment fee under the such agreement and (ii) 10 basis points.

EQM had no borrowings outstanding on the 364-Day Facility as of December 31, 2018 and 2017. There were no borrowing outstanding at any time during the year ended December 31, 2018 on the 364-Day Facility. During the year ended December 31, 2018, the maximum amount of EQM's outstanding borrowings under the 364-Day Facility at any time was $100 million, the average daily balance was approximately $23 million and the weighted average annual interest rate was 2.2%.

On November 12, 2018, in connection with the Separation, EQT terminated the 364-Day Facility.

Transmission Acreage Dedication

Pursuant to an acreage dedication to EQM by EQT, EQM has the right to elect to transport, at a negotiated rate, which will be the higher of a market or cost of service rate, all natural gas produced from wells drilled by EQT on the dedicated acreage, which is an area covering approximately 60,000 acres surrounding EQM's storage assets in Allegheny, Washington and Greene counties in Pennsylvania and Wetzel, Marion, Taylor, Tyler, Doddridge, Harrison and Lewis counties in West Virginia. The acreage dedication is contained in a sublease agreement in which EQM granted to EQT all of the oil and gas interests, including the exclusive rights to drill, explore for, produce and market such oil and gas, EQM had received as part of certain of its oil and gas leasehold estates EQM uses for gas storage and protection. Furthermore, if EQT acquires acreage with natural gas storage rights within the area of mutual interest established by the acreage dedication, then EQT will enter into an agreement with EQM to permit it to store natural gas on such acreage. Likewise, if EQM acquires acreage within the area of mutual interest with natural gas or oil production, development, marketing and exploration rights, such acreage will automatically become subject to EQT's rights under the acreage dedication.

See also Note 19 for a discussion of the transactions announced on February 27, 2020 with respect to Equitrans Midstream and EQT.

Review, Approval or Ratification of Transactions with Related Persons

The Board has adopted a related person transaction approval policy that establishes procedures for the identification, review and approval of related person transactions. Pursuant to the policy, the management of the EQM General Partner is charged with primary responsibility for determining whether, based on the facts and circumstances, a proposed transaction is a related person transaction.

For purposes of the policy, a "Related Person" is any director or executive officer of the EQM General Partner, any nominee for director, any unitholder known to EQM to be the beneficial owner of more than 5% of any class of EQM's voting securities, and any immediate family member of any such person. A "Related Person Transaction" is generally a transaction in which EQM is, or any of its subsidiaries is, a participant, where the amount involved exceeds $120,000, and a Related Person has a direct or indirect material interest. Transactions resolved under the conflicts provision of EQM's partnership agreement are not required to be reviewed or approved under the policy. Please read "Conflicts of Interest" below.

To assist management in making this determination, the policy sets forth certain categories of transactions that are deemed to be pre-approved by the Board under the policy. The transactions which are automatically pre-approved include (i) transactions involving employment of the EQM General Partner's executive officers, as long as the executive officer is not an immediate family member of another of the EQM General Partner's executive officers or directors and the compensation paid to such executive officer was approved by the Board; (ii) transactions involving compensation and benefits paid to the EQM General Partner's directors for service as a director; (iii) transactions on competitive business terms with another company in which a director or immediate family member of a director is as an employee or executive officer, a director, or a beneficial owner of less than 10% of that company's shares, provided that the amount involved does not exceed the greater of $1,000,000 or 2% of the other company's consolidated gross revenues; (iv) transactions where the interest of the Related Person arises solely from the ownership of a class of equity securities of EQM, and all holders of that class of equity securities receive the same benefit on a pro rata basis; (v) transactions where the rates or charges involved are determined by competitive bids; (vi) transactions involving the rendering of services as a common or contract carrier or public utility at rates or charges fixed in conformity with law or governmental regulation; (vii) transactions involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture or similar services; and (viii) any charitable contribution, grant or endowment by EQM or any affiliated charitable foundation to a charitable or non-profit organization, foundation or university in which a Related Person's only relationship is as an employee or a director or trustee, provided the aggregate amount involved does not exceed the greater of $1,000,000 or 2% of the recipient's consolidated gross revenues.

If, after applying these categorical standards and weighing all of the facts and circumstances, management determines that a proposed transaction is a Related Person Transaction, management must present the proposed transaction to the Board for review or, if impracticable under the circumstances, to the chairman of the Board. The Board must then either approve or reject the transaction in accordance with the terms of the policy taking into account all facts and circumstances, including (i) the benefits to EQM of the transaction; (ii) the terms of the transaction; (iii) the terms available to unaffiliated third parties and employees generally; (iv) the extent of the affected director or executive officer's interest in the transaction; and (v) the potential for the transaction to affect the individual's independence or judgment. The Board may, but is not required to, seek the approval of the Conflicts Committee for the resolution of any related person transaction.

Conflicts of Interest

Conflicts of interest exist and may arise in the future as a result of the relationships between the EQM General Partner and its affiliates, including Equitrans Midstream, on the one hand, and EQM and its limited partners, on the other hand. The directors and officers of the EQM General Partner have duties to manage the EQM General Partner in a manner beneficial to its owners. At the same time, the EQM General Partner has a duty to manage EQM in a manner beneficial to EQM and its limited partners. The Delaware Revised Uniform Limited Partnership Act provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties otherwise owed by a general partner to limited partners and the partnership. Pursuant to these provisions, EQM's partnership agreement contains various provisions replacing the fiduciary duties that would otherwise be owed by its general partner with contractual standards governing the duties of the general partner and the methods of resolving conflicts of interest. EQM's partnership agreement also specifically defines the remedies available to limited partners for actions taken that, without these defined liability standards, might constitute breaches of fiduciary duty under applicable Delaware law.

All of the officers and five of the directors of the EQM General Partner are also officers and/or directors of Equitrans Midstream and owe fiduciary duties to Equitrans Midstream. Consequently, these directors and officers may encounter situations in which their obligations to Equitrans Midstream, on the one hand, and EQM, on the other hand, are in conflict.

Whenever a conflict arises between the EQM General Partner or its affiliates, on the one hand, and EQM or any other partner, on the other, the EQM General Partner will resolve that conflict. The EQM General Partner may seek the approval of such resolution from the Conflicts Committee. There is no requirement that the EQM General Partner seek the approval of the Conflicts Committee for the resolution of any conflict, and, under EQM's partnership agreement, the EQM General Partner may decide to seek such approval or resolve a conflict of interest in any other way permitted by the partnership agreement, as described below, in its sole discretion. The EQM General Partner will decide whether to refer the matter to the Conflicts Committee on a case-by-case basis. An independent third party is not required to evaluate the fairness of the resolution.

The EQM General Partner will not be in breach of its obligations under the partnership agreement or its duties to EQM or its limited partners if the resolution of the conflict is:

- approved by the Conflicts Committee, although the EQM General Partner is under no obligation to seek such approval;
- approved by the vote of a majority of the outstanding common units, excluding any common units owned by the EQM General Partner or any of its affiliates;
- determined by the Board to be on terms no less favorable to EQM than those generally being provided to or available from unrelated third parties; or
- determined by the Board to be fair and reasonable to EQM, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to EQM.

The EQM General Partner may, but is not required to, seek the approval of such resolution from the Conflicts Committee. If the EQM General Partner does not seek approval from the Conflicts Committee and the Board determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the third and fourth bullet points above, then it will be presumed that, in making its decision, the Board acted in good faith, and in any proceeding brought by or on behalf of any limited partner or EQM challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. In resolving conflicts of interest under the standard set forth in the fourth bullet point above, the EQM partnership agreement permits the Board to take into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to EQM, in determining what is fair and reasonable to EQM. Fair and reasonable is not defined in the EQM partnership agreement and what constitutes fair and reasonable will depend on the circumstances. Furthermore, the EQM partnership agreement permits the Board to consult with legal counsel, investment bankers and other advisors in making decisions, though the extent to which the Board will seek such advice will depend on the facts and circumstances of the transaction being considered. If the EQM General Partner Board reasonably believes that advice or an opinion provided by such advisors is within such person's professional or expert competence, then any act taken in reliance upon such advice or opinion will conclusively be deemed to be fair and reasonable. Unless the resolution of a conflict is specifically provided for in EQM's partnership agreement, the EQM General Partner or the Conflicts Committee may consider any factors it determines in good faith to consider when resolving a conflict. When EQM's partnership agreement requires someone to act in good faith, it requires that person to subjectively believe that he or she is acting in the best interests of EQM or meets the specified standard, for example, a transaction on terms no less favorable to EQM than those generally being provided to or available from unrelated third parties.

Director Independence

The NYSE does not require a listed publicly traded limited partnership, such as EQM, to have a majority of independent directors on the board of directors of its general partner. To assist it in determining the independence of the directors of the EQM General Partner, the Board established guidelines, which are included in its corporate governance guidelines and conform to the independence requirements under the NYSE listing standards. For a discussion of the independence of the Board, please see Item 10, "Directors, Executive Officers and Corporate Governance-Committees of the Board of Directors."

Item 14. Principal Accounting Fees and Services

Ernst & Young LLP served as EQM's independent auditor for the year ended December 31, 2019. The following chart details the fees billed to EQM by Ernst & Young LLP during 2019 and 2018:

	Years Ended December 31,	
	2019	2018
Audit fees [1]	$ 2,014,992	$ 817,920
Audit-related fees	—	—
Tax fees	—	—
All other fees	—	—
Total	$ 2,014,992	$ 817,920

(1) Includes fees for the audit of EQM's annual financial statements and internal control over financial reporting, reviews of financial statements included in EQM's quarterly reports on Form 10-Q, and services that are normally provided in connection with statutory and regulatory filings or engagements, including certain attest engagements, comfort letter procedures and consents.

The Audit Committee of the EQM General Partner has adopted a policy regarding the services of its independent auditors under which EQM's independent accounting firm is not allowed to perform any service that may have the effect of jeopardizing the independent public accountant's independence. Without limiting the foregoing, the independent accounting firm shall not be retained to perform the following:

- Bookkeeping or other services related to the accounting records or financial statements
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources functions
- Broker-dealer, investment adviser or investment banking services
- Legal services
- Expert services unrelated to the audit
- Prohibited tax services

All audit and permitted non-audit services must be pre-approved by the Audit Committee. The Audit Committee has delegated specific pre-approval authority with respect to audit and permitted non-audit services to the Chairman of the Audit Committee but only where pre-approval is required to be acted upon prior to the next Audit Committee meeting and where the aggregate audit and permitted non-audit services fees are not more than $75,000. The Audit Committee encourages management to seek pre-approval from the Audit Committee at its regularly scheduled meetings. In 2019, 100% of the professional fees reported as audit-related fees were pre-approved pursuant to the above policy.

The Audit Committee has approved the appointment of Ernst & Young LLP as EQM's independent auditor to conduct the audit of EQM's consolidated financial statements for the year ended December 31, 2020.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)			Page Reference
	1	**Financial Statements**	
		Statements of Consolidated Operations for each of the three years in the period ended December 31, 2019	90
		Statements of Consolidated Cash Flows for each of the three years in the period ended December 31, 2019	92
		Consolidated Balance Sheets as of December 31, 2019 and 2018	94
		Statements of Consolidated Equity for each of the three years in the period ended December 31, 2019	96
		Notes to Consolidated Financial Statements	97
	2	**Financial Statement Schedules**	
		All schedules are omitted since the subject matter thereof is either not present or is not present in amounts sufficient to require submission of the schedules.	
		The financial statements of the MVP Joint Venture, Series A are included in this filing as Exhibit 99.2 pursuant to Rule 3-09 of Regulation S-X.	
	3	**Exhibits**	
		The exhibits referenced below are filed (or, as applicable, furnished) as part of this Annual Report on Form 10-K.	

Exhibits	Description	Method of Filing
2.1(a)	Contribution and Sale Agreement, dated as of March 10, 2015, by and among EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), EQT Midstream Services, LLC, EQM Gathering Opco, LLC, EQT Corporation, EQT Gathering, LLC, EQT Energy Supply Holdings, LP, and EQT Energy, LLC. EQM Midstream Partners, LP will furnish supplementally a copy of any omitted schedule and similar attachment to the SEC upon request.	Incorporated herein by reference to Exhibit 2.1 to Form 8-K (#001-35574) filed on March 10, 2015.
2.1(b)	Amendment No. 1 to Contribution and Sale Agreement, dated as of March 30, 2017, by and among EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), EQT Midstream Services, LLC, EQM Gathering Opco, LLC, EQT Corporation, EQT Gathering, LLC, EQT Energy Supply Holdings, LP, and EQT Energy, LLC.	Incorporated herein by reference to Exhibit 2.1 to Form 10-Q (#001-35574) for the quarterly period ended March 31, 2017.
2.2	Purchase and Sale Agreement, dated as of October 13, 2016, by and among EQT Corporation, EQT Gathering Holdings, LLC, EQT Gathering, LLC, EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), Equitrans Investments, LLC, Equitrans, L.P. and EQM Gathering Opco, LLC. EQM Midstream Partners, LP will furnish supplementally a copy of any omitted schedule and similar attachment to the SEC upon request.	Incorporated herein by reference to Exhibit 2.1 to Form 8-K (#001-35574) filed on October 13, 2016.
2.3	Agreement and Plan of Merger, dated as of April 25, 2018, by and among EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), EQM Midstream Services, LLC (formerly known as EQT Midstream Services, LLC), EQM Acquisition Sub, LLC, EQM GP Acquisition Sub, LLC, RM Partners LP (formerly known as Rice Midstream Partners LP), EQM Midstream Management LLC (formerly known as Rice Midstream Management LLC) and, solely for purposes of certain provisions thereof, EQT Corporation. EQM Midstream Partners, LP will furnish supplementally a copy of any omitted schedule and similar attachment to the SEC upon request.	Incorporated herein by reference to Exhibit 2.1 to Form 8-K (#001-35574) filed on April 26, 2018.

2.4	Contribution and Sale Agreement, dated as of April 25, 2018, by and among EQT Corporation, Rice Midstream Holdings LLC, EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP) and EQM Gathering Holdings, LLC. EQM Midstream Partners, LP will furnish supplementally a copy of any omitted schedule and similar attachment to the SEC upon request.	Incorporated herein by reference to Exhibit 2.2 to Form 8-K (#001-35574) filed on April 26, 2018.
2.5	Agreement and Plan of Merger, dated February 13, 2019, by and among EQM Midstream Partners, LP, Equitrans Midstream Corporation, EQM Midstream Services, LLC, EQGP Services, LLC, EQGP Holdings, LP and the other parties thereto. EQM Midstream Partners, LP will furnish supplementally a copy of any omitted schedule and similar attachment to the SEC upon request.	Incorporated herein by reference to Exhibit 2.1 to Form 8-K (#001-35574) filed on February 14, 2019.
2.6	Purchase and Sale Agreement, dated as of March 13, 2019, by and between EQM Midstream Partners, LP and North Haven Infrastructure Partners II Buffalo Holdings, LLC. Equitrans Midstream Corporation will furnish supplementally a copy of any omitted schedule and similar attachment to the SEC upon request.	Incorporated herein by reference to Exhibit 2.1 to Form 8-K (#001-35574) filed on March 15, 2019.
3.1(a)	Amended and restated Certificate of Limited Partnership of EQM Midstream Partners, LP. (formerly known as EQT Midstream Partners, LP), dated as of October 9, 2019.	Incorporated herein by reference to Exhibit 3.2 to Form 8-K (#001-35574) filed on October 10, 2019
3.2(a)	Fourth Amended and Restated Agreement of Limited Partnership of EQM Midstream Partners, LP, dated as of April 10, 2019.	Incorporated herein by reference to Exhibit 3.1 to Form 8-K (#001-35574) filed on April 10, 2019.
3.2(b)	First Amendment to Fourth Amended and Restated Agreement of Limited Partnership of EQM Midstream Partners, LP, dated October 9, 2019.	Incorporated herein by reference to Exhibit 3.1 to Form 8-K (#001-33574) filed on October 10, 2019.
3.3(a)	Certificate of Formation of EQGP Services, LLC (formerly known as EQT GP Services, LLC), dated as of January 29, 2015.	Incorporated herein by reference to Exhibit 3.3 to EQT GP Holdings, LP's Form S-1 Registration Statement (#333-202053) filed on February 12, 2015.
3.3(b)	Certificate of Amendment to Certificate of Formation of EQGP Services, LLC (formerly known as EQT GP Services, LLC), dated as of October 12, 2018.	Incorporated herein by reference to Exhibit 3.2 to EQGP Holdings, LP's Form 8-K (#001-37380) filed on October 15, 2018.
3.4(a)	Second Amended and Restated Limited Liability Company Agreement of EQGP Services, LLC, dated as of October 12, 2018.	Incorporated herein by reference to Exhibit 3.4 to EQGP Holdings, LP's Form 8-K (#001-37380) filed on October 15, 2018.
3.4(b)	First Amendment to Second Amended and Restated Limited Liability Company Agreement of EQGP Services, LLC, dated as of February 22, 2019.	Incorporated herein by reference to Exhibit 3.5 to Form 8-K (#001-35574) filed on February 22, 2019.
3.4(c)	Second Amendment to Second Amended and Restated Limited Liability Company Agreement of EQGP Services, LLC, dated October 9, 2019.	Incorporated herein by reference to Exhibit 3.3 to Form 8-K (#001-35574) filed on October 10, 2019.
4.1	Indenture, dated as of August 1, 2014, by and EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), as issuer, the subsidiaries of EQM Midstream Partners, LP party thereto, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated herein by reference to Exhibit 4.1 to Form 8-K (#001-35574) filed on August 1, 2014.
4.2	First Supplemental Indenture, dated as of August 1, 2014, by and among EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), as issuer, the subsidiaries of EQM Midstream Partners, LP party thereto, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated herein by reference to Exhibit 4.2 to Form 8-K (#001-35574) filed on August 1, 2014.

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
4.3	Second Supplemental Indenture, dated as of November 4, 2016, by and between EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated herein by reference to Exhibit 4.2 to Form 8-K (#001-35574) filed on November 4, 2016.
4.4	Third Supplemental Indenture, dated as of June 25, 2018, by and between EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated herein by reference to Exhibit 4.2 to Form 8-K (#001-35574) filed on June 25, 2018.
4.5	Fourth Supplemental Indenture, dated as of June 25, 2018, by and between EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated herein by reference to Exhibit 4.4 to Form 8-K (#001-35574) filed on June 25, 2018.
4.6	Fifth Supplemental Indenture, dated as of June 25, 2018, by and between EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee.	Incorporated herein by reference to Exhibit 4.6 to Form 8-K (#001-35574) filed on June 25, 2018.
4.7	Registration Rights Agreement, dated as of April 10, 2019, by and among EQM Midstream Partners, LP and the Purchasers party thereto. EQM Midstream Partners, LP will furnish supplementally a copy of any omitted schedule and similar attachment to the SEC upon request.	Incorporated herein by reference to Exhibit 4.1 to Form 8-K (#001-35574) filed on April 10, 2019.
4.8	Description of Certain of Registrants' Securities.	Filed herewith as Exhibit 4.8.
10.1	Assignment and Assumption Agreement, dated as of March 30, 2015, by and among EQT Gathering, LLC, EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP) and MVP Holdco, LLC.	Incorporated herein by reference to Exhibit 10.3 to Form 10-Q (#001-35574) for the quarterly period ended March 31, 2015.
10.2	Amended and Restated Omnibus Agreement, dated November 13, 2018, among EQT Corporation, EQM Midstream Partners, LP, and EQM Midstream Services, LLC.	Incorporated herein by reference to Exhibit 10.1 to Form 8-K (#001-35574) filed on November 13, 2018.
10.3	Secondment Agreement, dated December 7, 2017, by and among EQT Corporation, EQT Gathering, LLC, Equitrans, L.P., EQM Midstream Partners, LP (formerly known as EQT Midstream Partners, LP), and EQM Midstream Services, LLC.	Incorporated herein by reference to Exhibit 10.1 to Form 8-K (#001-35574) filed on December 8, 2017.
10.4	Third Amended and Restated Credit Agreement, dated as of October 31, 2018, by and among EQM 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.	Incorporated herein by reference to Exhibit 10.1 to Form 8-K (#001-35574) filed on October 31, 2018.
10.5*	Form of Phantom Unit Award Agreement.	Incorporated herein by reference to Exhibit 10.6 to Amendment No. 2 to Form S-1 Registration Statement (#333-179487) filed on May 10, 2012.
10.6*	Form of Director and/or Executive Officer Indemnification Agreement.	Incorporated herein by reference to Exhibit 10.15 to Amendment No. 3 to Form S-1 Registration Statement (#333-179487) filed on June 5, 2012.
10.7(a)	Sublease Agreement, effective as of March 1, 2011, by and between Equitrans, L.P. and EQT Production Company.	Incorporated herein by reference to Exhibit 10.12 to Amendment No. 2 to Form S-1 Registration Statement (#333-179487) filed on May 10, 2012.
10.7(b)	Amendment of Sublease Agreement, dated as of April 5, 2012, by and between Equitrans, L.P. and EQT Production Company.	Incorporated herein by reference to Exhibit 10.13 to Amendment No. 2 to Form S-1 Registration Statement (#333-179487) filed on May 10, 2012.

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
10.8	Transportation Service Agreement Applicable to Firm Transportation Service Under Rate Schedule FTS, Contract No. EQTR19837-1296, dated as of January 8, 2016 and amended through December 20, 2017, by and between Equitrans, L.P. and EQT Energy, LLC.	Incorporated herein by reference to Exhibit 10.13 to Form 10-K (#001-35574) for the year ended December 31, 2017.
10.9(a)	Jupiter Gas Gathering Agreement, effective as of May 1, 2014, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC (as assignee of EQT Gathering, LLC), on the other hand. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.1 to Form 10-Q (#001-35574) for the quarterly period ended June 30, 2014.
10.9(b)	Amendment No. 1 to Jupiter Gas Gathering Agreement, dated as of December 17, 2014, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand.	Incorporated herein by reference to Exhibit 10.24(b) to Form 10-K (#001-35574) for the year ended December 31, 2015.
10.9(c)	Amendment No. 2 to Jupiter Gas Gathering Agreement, dated as of October 26, 2015, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.24(c) to Form 10-K (#001-35574) for the year ended December 31, 2015.
10.9(d)	Amendment No. 3 to Jupiter Gas Gathering Agreement, dated as of August 1, 2016, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.2 to Form 10-Q (#001-35574) for the quarterly period ended September 30, 2016.
10.9(e)	Amendment No. 4 to Jupiter Gas Gathering Agreement, dated as of June 1, 2017, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand.	Incorporated herein by reference to Exhibit 10.2 to Form 10-Q (#001-35574) for the quarterly period ended June 30, 2017.
10.9(f)	Amendment No. 5 to Jupiter Gas Gathering Agreement, dated as of October 1, 2017, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand. Specific items in this exhibit have been redacted, as marked by three asterisks (***) because confidential treatment for those terms was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.14(f) to Form 10-K (#001-35574) for the year ended December 31, 2017.
10.9(g)	Amendment No. 6 to Jupiter Gas Gathering Agreement, dated as of March 1, 2019, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand. Specific items in this exhibit have been redacted, as marked by three asterisks [***].	Incorporated herein by reference to Exhibit 10.4 to Form 10-Q (#001-35574) for the quarterly period ended March 31, 2019.
10.10(a)	Gas Gathering Agreement for the Mercury, Pandora, Pluto and Saturn Gas Gathering Systems, effective as of March 1, 2015, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC (as assignee of EQT Gathering, LLC), on the other hand. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.2 to Form 8-K (#001-35574) filed on March 31, 2015.

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
10.10(b)	Amendment No. 1 to Gas Gathering Agreement for the Mercury, Pandora, Pluto and Saturn Gas Gathering Systems, dated as of September 18, 2015, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand.	Incorporated herein by reference to Exhibit 10.25(b) to Form 10-K (#001-35574) for the year ended December 31, 2015.
10.10(c)	Amendment No. 2 to Gas Gathering Agreement for the Mercury, Pandora, Pluto and Saturn Gas Gathering Systems, dated as of March 30, 2017, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.1 to Form 10-Q (#001-35574) for the quarterly period ended March 31, 2017.
10.10(e)	Amendment No. 3 to Gas Gathering for Mercury, Pandora, Pluto, and Saturn Gas Gathering Systems, dated June 1, 2019, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand. Specific items in this exhibit have been redacted, as marked by [***].	Incorporated herein by reference to Exhibit 10.2 to Form 10-Q (#001-35574) for the quarterly period ended June 30, 2019.
10.11(a)	Gas Gathering Agreement for the WG-100 Gas Gathering System, effective as of March 1, 2015, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC (as assignee of EQT Gathering, LLC), on the other hand. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.3 to Form 8-K (#001-35574) filed on March 31, 2015.
10.11(b)	Amendment No. 1 to Gas Gathering Agreement for the WG-100 Gas Gathering System, dated as of April 1, 2017, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand.	Incorporated herein by reference to Exhibit 10.1 to Form 10-Q (#001-35574) for the quarterly period ended June 30, 2017.
10.11(c)	Amendment No. 2 to Gas Gathering Agreement for the WG-100 Gas Gathering System, dated June 1, 2019, by and among EQT Production Company and EQT Energy, LLC, on the one hand, and EQM Gathering Opco, LLC, on the other hand. Specific items in this exhibit have been redacted, as marked by [***].	Incorporated herein by reference to Exhibit 10.1 to Form 10-Q (#001-35574) for the quarterly period ended June 30, 2019.
10.12(a)	Third Amended and Restated Limited Liability Company Agreement of Mountain Valley Pipeline, LLC, dated as of April 6, 2018, by and among MVP Holdco, LLC, US Marcellus Gas Infrastructure, LLC, WGL Midstream, Inc., Con Edison Gas Pipeline and Storage, LLC, RGC Midstream, LLC and Mountain Valley Pipeline, LLC. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.1 to Form 10-Q/A (#001-35574) filed on June 18, 2018.
10.12(b)	First Amendment to the Third Amended and Restated Limited Liability Company Agreement of Mountain Valley Pipeline, LLC, dated as of April 6, 2018, by and among MVP Holdco, LLC, US Marcellus Gas Infrastructure, LLC, WGL Midstream, Inc., Con Edison Gas Pipeline and Storage, LLC, RGC Midstream, LLC and Mountain Valley Pipeline, LLC. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Filed herewith as Exhibit 10.12(b).

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

Exhibits	Description	Method of Filing
10.13	Second Amended and Restated Gas Gathering and Compression Agreement, dated as of March 31, 2017, by and between Rice Drilling D LLC and EQM Olympus Midstream LLC (formerly known as Rice Olympus Midstream LLC). Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.3 to Form 10-Q (#001-35574) for the quarterly period ended June 30, 2018.
10.14	Gas Gathering and Compression Agreement, dated as of December 22, 2014, by and among Rice Drilling B LLC, RM Partners LP (formerly known as Rice Midstream Partners LP) and Alpha Shale Resources LP.	Incorporated herein by reference to Exhibit 10.3 to Rice Midstream Partners LP's Form 8-K (#001-36789) filed on December 22, 2014.
10.15(a)	First Amendment to Gas Gathering and Compression Agreement, effective as of October 19, 2016, by and among Rice Drilling B LLC, Alpha Shale Resources LP and RM Partners LP (formerly known as Rice Midstream Partners LP). Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.2 to Form 10-Q (#001-35574) for the quarterly period ended September 30, 2018.
10.15(b)	Second Amendment to Gas Gathering and Compression Agreement, dated June 1, 2019, by and among Rice Drilling B, LLC, Alpha Shale Resources, LP and RMP Partners, LP. Specific items in this exhibit have been redacted, as marked by [***].	Incorporated herein by reference to Exhibit 10.3 to Form 10-Q (#001-35574) for the quarterly period ended June 30, 2019.
10.16(a)	Sixth Amended and Restated Cracker Jack Gas Gathering Agreement, dated as of February 28, 2017, by and among Rice Poseidon Midstream LLC, EQT Energy, LLC and EQT Production Company. Specific items in this exhibit have been redacted, as marked by three asterisks [***], because confidential treatment for those items was granted by the SEC. The redacted material has been separately filed with the SEC.	Incorporated herein by reference to Exhibit 10.3 to Form 10-Q (#001-35574) for the quarterly period ended September 30, 2018.
10.17	Amended and Restated Water Services Agreement, dated as of November 4, 2015, by and between Rice Drilling D LLC and Rice Water Services (PA) LLC.	Incorporated herein by reference to Exhibit 10.2 to Rice Midstream Partners LP's Form 8-K (#001-36789) filed on November 5, 2015.
10.18	Amended and Restated Water Services Agreement, dated as of November 4, 2015, by and between Rice Drilling B LLC and Rice Water Services (OH) LLC.	Incorporated herein by reference to Exhibit 10.3 to Rice Midstream Partners LP's Form 8-K (#001-36789) filed on November 5, 2015.
10.19	Second Amended and Restated Omnibus Agreement, dated November 13, 2018, among EQT Corporation, RM Partners LP, EQM Midstream Management LLC, and EQM Poseidon Midstream LLC.	Incorporated herein by reference to Exhibit 10.2 to Form 8-K (#001-35574) filed on November 13, 2018.
10.20	Amended and Restated Omnibus Agreement, dated as of March 31, 2019, by and among Equitrans Midstream Corporation, EQM Midstream Partners, LP, EQGP Services, LLC and, for limited purposes, EQM Midstream Services, LLC.	Incorporated herein by reference to Exhibit 10.3 to Form 10-Q (#001-35574) for the quarterly period ended March 31, 2019.
10.21	Secondment Agreement, dated November 13, 2018, by and among Equitrans Midstream Corporation, EQM Midstream Partners, LP, and EQM Midstream Services, LLC.	Incorporated herein by reference to Exhibit 10.4 to Form 8-K (#001-35574) filed on November 13, 2018.
10.22	Letter Agreement, dated as of March 1, 2019, among RM Partners LP, Equitrans, L.P., Rice Drilling B LLC, EQM Gathering OPCO, LLC and Alpha Shale Resources LP. Specific items in this exhibit have been redacted, as marked by three asterisks [***].	Incorporated herein by reference to Exhibit 10.5 to Form 10-Q (#001-35574) for the quarterly period ended March 31, 2019.
10.23	Convertible Preferred Unit Purchase Agreement, dated as of March 13, 2019, by and among EQM Midstream Partners, LP and the Purchasers party thereto. EQM Midstream Partners, LP will furnish supplementally a copy of any omitted schedule and similar attachment to the SEC upon request.	Incorporated herein by reference to Exhibit 10.1 to Form 8-K (#001-35574) filed on March 15, 2019.

10.24(a)	Joinder Agreement, dated as of March 18, 2019, by and between EQM Midstream Partners, LP and Kayne Anderson MLP/Midstream Investment Company.	Incorporated herein by reference to Exhibit 10.1 to Form 8-K (#001-35574) filed on March 19, 2019.
10.24(b)	Joinder Agreement, dated as of March 18, 2019, by and between EQM Midstream Partners, LP and Kayne Anderson Midstream/Energy Fund, Inc.	Incorporated herein by reference to Exhibit 10.2 to Form 8-K (#001-35574) filed on March 19, 2019.
10.24(c)	Joinder Agreement, dated as of March 18, 2019, by and between EQM Midstream Partners, LP and Centaurus Capital LP.	Incorporated herein by reference to Exhibit 10.3 Form 8-K (#001-35574) filed on March 19, 2019.
10.24(d)	Joinder Agreement, dated as of March 18, 2019, by and between EQM Midstream Partners, LP and MTP Energy Opportunities Fund II LLC.	Incorporated herein by reference to Exhibit 10.4 to Form 8-K (#001-35574) filed on March 19, 2019.
10.24(e)	Joinder Agreement, dated as of March 18, 2019, by and between EQM Midstream Partners, LP and MTP Energy Master Fund LLC.	Incorporated herein by reference to Exhibit 10.5 to Form 8-K (#001-35574) filed on March 19, 2019.
10.24(f)	Joinder Agreement, dated as of March 18, 2019, by and between EQM Midstream Partners, LP and Tortoise Direct Opportunities Fund II, LP.	Incorporated herein by reference to Exhibit 10.6 to Form 8-K (#001-35574) filed on March 19, 2019.
10.24(g)	Joinder Agreement, dated as of March 18, 2019, by and between EQM Midstream Partners, LP and Portcullis Partners, LP.	Incorporated herein by reference to Exhibit 10.7 to Form 8-K (#001-35574) filed on March 19, 2019.
10.25*	Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan, dated as of February 22, 2019.	Incorporated herein by reference to Exhibit 10.1 to Form 8-K (#001-35574) filed on February 22, 2019.
10.26	Transportation Service Agreement Applicable to Firm Transportation Service Under Rate Schedule FTS, Contract No. EQTR 20242-852, dated as of September 24, 2014 and amended through April 1, 2019, by and between Equitrans, L.P. and EQT Energy, LLC.	Incorporated herein by reference to Exhibit 10.4 to Form 10-Q (#001-35574) for the quarterly period ended June 30, 2019.
10.27	Transportation Service Agreement Applicable to Firm Transportation Service Under Rate Schedule FTS, Contract No. EQTR19837-1296, dated as of January 8, 2016 and amended through January 9, 2020, by and between Equitrans, L.P. and EQT Energy, LLC.	Filed herewith as Exhibit 10.27.
10.28	Confidentiality, Non-Solicitation and Non-Competition Agreement, dated as of March 7, 2013, between EQT Corporation and Brian Pietrandrea.	Incorporated herein by reference to Exhibit 10.1 to Form 10-Q (#001-35574) for the quarterly period ended September 30, 2019.
10.29(a)	Amendment to Confidentiality, Non-Solicitation and Non-Competition Agreement, effective as of January 1, 2014, between EQT Corporation and Brian P. Pietrandrea.	Incorporated herein by reference to Exhibit 10.2 to Form 10-Q (#001-35574) for the quarterly period ended September 30, 2019.
10.29(b)	Second Amendment to Confidentiality, Non-Solicitation and Non-Competition Agreement, effective as of January 1, 2015, between EQT Corporation and Brian P. Pietrandrea.	Incorporated herein by reference to Exhibit 10.3 to Form 10-Q (#001-35574) for the quarterly period ended September 30, 2019.
10.29(c)	Third Amendment to Confidentiality, Non-Solicitation and Non-Competition Agreement, effective as of August 20, 2019, between Equitrans Midstream Corporation and Brian P. Pietrandrea.	Incorporated herein by reference to Exhibit 10.4 to Form 10-Q (#001-35574) for the quarterly period ended September 30, 2019.
10.30	Term Loan Agreement, dated as of August 16, 2019, by and among EQM Midstream Partners, LP, as borrower, Toronto Dominion (Texas) LLC, as administrative agent, and the lenders party thereto.	Incorporated herein by reference to Exhibit 10.1 to the registrant's Form 8-K (#001-35574) filed on August 19, 2019.
21.1	List of Subsidiaries of EQM Midstream Partners, LP.	Filed herewith as Exhibit 21.1.
23.1	Consent of Independent Registered Public Accounting Firm (EQM Midstream Partners, LP).	Filed herewith as Exhibit 23.1.
23.2	Consent of Independent Registered Public Accounting Firm (Mountain Valley Pipeline, LLC - Series A).	Filed herewith as Exhibit 23.2.
31.1	Rule 13(a)-14(a) Certification of Principal Executive Officer.	Filed herewith as Exhibit 31.1.
31.2	Rule 13(a)-14(a) Certification of Principal Financial Officer.	Filed herewith as Exhibit 31.2.

32	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer.	Filed herewith as Exhibit 32.
99.1	Non-GAAP Financial Information.	Filed herewith as Exhibit 99.1.
99.2	Mountain Valley Pipeline, LLC (Series A) financial statements.	Filed herewith as Exhibit 99.2.
101	Inline Interactive Data File.	Filed herewith as Exhibit 101.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	Filed herewith as Exhibit 104.

Each management contract and compensatory arrangement in which any director or any named executive officer participates has been marked with an asterisk (*)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

EQM Midstream Partners, LP

By: EQGP Services, LLC, its General Partner

By: /s/ KIRK R. OLIVER
Kirk R. Oliver
Senior Vice President and Chief Financial Officer
February 27, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ THOMAS F. KARAM Thomas F. Karam (Principal Executive Officer)	Chief Executive Officer and Chairman	February 27, 2020
/s/ KIRK R. OLIVER Kirk R. Oliver (Principal Financial Officer)	Senior Vice President, Chief Financial Officer and Director	February 27, 2020
/s/ BRIAN P. PIETRANDREA Brian P. Pietrandrea (Principal Accounting Officer)	Vice President and Chief Accounting Officer	February 27, 2020
/s/ DIANA M. CHARLETTA Diana M. Charletta	Director	February 27, 2020
/s/ KENNETH M. BURKE Kenneth M. Burke	Director	February 27, 2020
/s/ MICHAEL A. BRYSON Michael A. Bryson	Director	February 27, 2020
/s/ ROBERT J. COOPER Robert J. Cooper	Director	February 27, 2020
/s/ LARA E. WASHINGTON Lara E. Washington	Director	February 27, 2020

Exhibit 4.8

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

EQM Midstream Partners, LP (us, our, "EQM" or the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, our common units.

DESCRIPTION OF COMMON UNITS

The following is a description of the terms of our common units and related provisions of the Company's partnership agreement (Partnership Agreement) and relevant provisions of Delaware law. This summary is not complete, and is qualified in its entirety by reference to the Partnership Agreement and Delaware Law.

DESCRIPTION OF OUR COMMON UNITS

The common units represent limited partner interests in us that entitle the holders to participate in our cash distributions and to exercise the rights or privileges available to limited partners under our Partnership Agreement. For a description of the rights and privileges of limited partners under our partnership agreement, including voting rights, see "Description of Our Partnership Agreement." For a description of the relative rights and preferences of holders of common units in and to partnership distributions, see "Cash Distribution Policy".

Authorized Units

Our Partnership Agreement authorizes us to issue an unlimited number of limited partner interests and other equity securities in one or more classes, or one or more series of classes with the designations, preferences, rights, powers and duties fixed by our general partner without the approval of any of our limited partners, subject to certain exceptions. The Partnership Agreement currently provides for the issuance of Series A Preferred Units, Common Units and Class B Units.

Transfer of Common Units

By transfer of common units in accordance with our Partnership Agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer or admission is reflected in our register and such limited partner becomes the record holder of the common units so transferred. Each transferee, whether or not such transferee executes our Partnership Agreement:

- will become bound and will be deemed to have agreed to be bound by the terms and conditions of our Partnership Agreement;
- represents that the transferee has the capacity, power and authority to enter into our Partnership Agreement; and
- makes the consents, acknowledgements and waivers contained in our Partnership Agreement.

We are entitled to treat the nominee holder of a common unit as the absolute owner in the event such nominee is the record holder of such common unit. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and are transferable according to the laws governing transfer of securities. Until a common unit has been transferred on our register, we and the transfer agent may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

DESCRIPTION OF OUR CLASS B UNITS

Our partnership agreement authorizes us to issue an unlimited number of limited partner interests and other equity securities in one or more classes, or one or more series of classes with the designations, preferences, rights, powers and duties fixed by our general partner without the approval of any of our limited partners, subject to certain exceptions. We have Class B units representing limited partner interests in us (Class B Units) outstanding (all of which are beneficially owned by ETRN). The Class B Units are substantially similar in all respects to EQM's common units, except that the Class B Units are not entitled to receive distributions of available cash until the applicable Class B Unit conversion date (or, if earlier, a change of control), as described below.

The Class B Units are divided into three tranches, with the first tranche of 2,500,000 Class B Units becoming convertible at the holder's option into common units on April 1, 2021, the second tranche of 2,500,000 Class B Units becoming convertible at the holder's option into common units on April 1, 2022, and the third tranche of 2,000,000 Class B Units becoming convertible at the holder's option into common units on April 1, 2023 (each, a Class B Unit conversion date). Additionally, the Class B Units will become convertible at the holder's option into common units immediately before a change of control.

After the applicable Class B Unit conversion date (or, if earlier, a change of control), whether or not such Class B Units have been converted into common units, the Class B Units will participate pro rata with the common units in distributions of available cash.

DESCRIPTION OF OUR PREFERRED UNITS

Our partnership agreement authorizes us to issue an unlimited number of limited partner interests and other equity securities in one or more classes, or one or more series of classes with the designations, preferences, rights, powers and duties fixed by our general partner without the approval of any of our limited partners, subject to certain exceptions. We have Series A Perpetual Convertible Preferred Units outstanding. The Series A Perpetual Convertible Preferred Units are not deemed to represent any percentage interest in us unless or until they are converted into common units under certain circumstances described below. The holders of our common units are affected by the rights of the Series A Perpetual Convertible Preferred Units and would be subject to, and may be adversely affected by, the rights of the holders of any additional Series A Preferred Units if issued.

Series A Preferred Units

The Series A Preferred Units rank senior to all common units and Class B Units with respect to distribution rights and rights upon liquidation. The Series A Preferred Units are entitled to receive cumulative quarterly distributions as described under "Cash Distribution Policy—Series A Preferred Units Distributions."

The Series A Preferred Units are entitled to vote on an as-converted basis with the common units and Class B Units and have certain other class voting rights with respect to any amendment to our Partnership Agreement or our certificate of limited partnership that would be adverse (other than in a *de minimis* manner) to any of the rights, preferences or privileges of the Series A Preferred Units.

Each holder of the Series A Preferred Units may elect to convert all or any portion of the Series A Preferred Units owned by it into common units initially on a one-for-one basis, subject to customary anti-dilution adjustments and an adjustment for any distributions that have accrued but have not been paid when due and partial period distributions, at any time (but not more often than once per fiscal quarter) after April 10, 2021 (or our earlier liquidation, dissolution or winding up), provided that any conversion is for at least $30 million (calculated based on the closing price of the common units on the trading day preceding notice of conversion) or such lesser amount if such conversion relates to all of a holder's remaining Series A Preferred Units.

We may elect to convert all or any portion of the Series A Preferred Units into common units at any time (but not more often than once per quarter) after April 10, 2021 if (i) the common units are listed for, or admitted to, trading on a national securities exchange, (ii) the closing price per common unit on the national securities exchange on which the common units are listed for, or admitted to, trading exceeds 140% of the Series A Preferred Unit purchase price of $48.77 (the Series A Preferred Unit Purchase Price) per such unit for the 20 consecutive trading days immediately preceding notice of the conversion, (iii) the average daily trading volume of the common units on the national securities exchange on which the common units are listed for, or admitted to, trading exceeds 500,000 common units for the 20 consecutive trading days immediately preceding notice of the conversion, (iv) we have an effective registration statement on file with the SEC covering resales of the common units to be received by such holders upon any such conversion and (v) we have paid all accrued quarterly distributions in cash to the holders. In addition, upon certain events involving a change in control, the holders of Series A Preferred Units may elect, among other potential elections, to convert their Series A Preferred Units into common units at a certain conversion rate as further described under "Description of Our Partnership Agreement—Merger, Consolidation, Conversion, Sale or Other Disposition of Assets—Series A Change of Control."

Other Series of Preferred Units

Our Partnership Agreement authorizes us to issue an unlimited number of limited partner interests and other equity securities in one or more classes, or one or more series of classes with the designations, preferences, rights, powers and duties fixed by our general partner without the approval of any of our limited partners, subject to certain exceptions.

If we offer other series of preferred units our general partner will set the specific terms of those preferred units, including, among other things, the following:

- the designation, stated value, and liquidation preference of the preferred units and the number of preferred units to constitute the series;
- the number of preferred units to be offered;
- the public offering price at which the preferred units will be issued;
- any sinking fund provisions of the preferred units;
- the voting rights, if any, of the preferred units;
- the distribution rights of the preferred units, if any;
- whether the preferred units will be redeemable and, if so, the price and the terms and conditions on which the preferred units may be redeemed, including the time during which the preferred units may be redeemed and any accumulated distributions thereof, if any, that the holders of the preferred units will be entitled to receive upon the redemption thereof;
- the terms and conditions, if any, on which the preferred units will be convertible into, or exchangeable for, the preferred units of any other class or series of units representing limited partner interests, including the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same; and
- any additional designations, preferences, rights, powers, duties and restrictions of the preferred units.

The rights of the holders of common units will be subject to, and may be adversely affected by, the rights of the holders of any limited partner interests so issued.

CASH DISTRIBUTION POLICY

Distributions of Available Cash

General

Our Partnership Agreement requires that, within 45 days after the end of each quarter, we distribute all of our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

- *less*, the amount of cash reserves established by our general partner to:
  - provide for the proper conduct of our business (including reserves for our future capital expenditures, for anticipated future debt service requirements, for the payment of quarterly distributions with respect to the Series A Preferred Units and for refunds of collected rates reasonably likely to be refunded as a result of a settlement or hearing related to FERC rate proceedings) subsequent to that quarter;
  - comply with applicable law, any of our debt instruments or other agreements; or
  - provide funds for distributions to our unitholders for any one or more of the next four quarters;

- *plus*, if our general partner so determines, all or any portion of the cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter.

The purpose and effect of the last bullet point above is to allow our general partner, if it so decides, to use cash from working capital borrowings made after the end of the quarter but on or before the date of determination of available cash for that quarter to pay distributions to unitholders. Under our Partnership Agreement, working capital borrowings are generally borrowings that are made under a credit facility, commercial paper facility or similar financing arrangement, and in all cases are used solely for working capital purposes or to pay distributions to partners, and with the intent of the borrower to repay such borrowings within 12 months with funds other than from additional working capital borrowings.

Series A Preferred Unit Distributions

The holders of the Series A Preferred Units are entitled to receive cumulative quarterly distributions at a rate of $1.0364 per Series A Preferred Unit for any quarter ending on or before March 31, 2024, and thereafter the quarterly distributions on the Series A Preferred Units will be an amount per Series A Preferred Unit for such quarter equal to (i) the Series A Preferred Unit Purchase Price, multiplied by (ii) a percentage equal to the sum of (A) the greater of (x) the 3-month LIBOR as of the second London banking day prior to the beginning of the applicable quarter and (y) 2.59%, and (B) 6.90%, multiplied by (iii) 25% (such applicable quarterly distribution amount, the Series A Distribution Amount). We may not pay any distributions on any junior securities, including any common units, unconverted Class B Units following the applicable Class B Unit conversion date, or Series A Parity Securities prior to paying the quarterly distributions payable to the holders of Series A Preferred Units, including any previously accrued and unpaid distributions.

Class B Unit Distributions

The Class B Units are not entitled to receive distributions of available cash until the applicable Class B Unit conversion date (or, if earlier, a change of control). After the applicable Class B Unit conversion date (or, if earlier, a change of control), whether or not such Class B Units have been converted into common units, the Class B Units will participate pro rata with the common units in distributions of available cash.

Distributions of Cash Upon Liquidation

If we were to dissolve, we would sell our assets or otherwise dispose of our assets in a process called liquidation. We would first apply the proceeds of liquidation to the payment of our creditors in the order of priority provided in our Partnership Agreement and by law, and thereafter, distribute any remaining proceeds to the unitholders and our general partner, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

Manner of Adjustments for Gains

The manner of the adjustment for gain is set forth in our Partnership Agreement. After giving effect to any special allocations in accordance with the terms of our Partnership Agreement, we will allocate any gain to our partners in the following manner:

- first, to the holders of Series A Preferred Units, pro rata, until the cumulative gain allocated to such Series A Preferred Units is equal to the sum of, in respect of each Series A Preferred Unit, (1) the Series A Distribution Amount in respect of such Series A Preferred Unit, (2) the difference between the initial capital account balance and the Series A Preferred Unit Purchase Price with respect to such Series A Preferred Unit and (3) the cumulative loss previously allocated in respect of such Series A Preferred Unit;

- second, to our general partner until the cumulative gain allocated to our general partner is equal to the cumulative loss previously allocated thereto; and

- thereafter, to all unitholders (other than holders of Series A Preferred Units), pro rata.

The preceding discussion is based on the assumption that we do not issue additional classes of equity securities other than common units, Class B Units and Series A Preferred Units.

Manner of Adjustments for Losses

After giving effect to any special allocations in accordance with the terms of our Partnership Agreement, we will generally allocate any loss to our general partner and unitholders in the following manner:

- first, to our unitholders (other than holders of Series A Preferred Units) in proportion to the positive balances in their capital accounts, until the capital accounts of such unitholders have been reduced to zero;
- second, to holders of Series A Preferred Units, pro rata, until capital accounts of such holders of Series A Preferred Units have been reduced to zero; and
- thereafter, 100% to our general partner.

The preceding discussion is based on the assumption that we do not issue additional classes of equity securities other than common units, Class B Units and Series A Preferred Units.

DESCRIPTION OF OUR PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our Partnership Agreement related to the common units.

Capital Contributions

Our unitholders are not obligated to make additional capital contributions, except as described below under "—Limited Liability."

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Revised Uniform Limited Partnership Act, as amended (the Delaware Act), and that he otherwise acts in conformity with the provisions of the Partnership Agreement, his liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to us for his common units plus his share of any undistributed profits and assets. If it were determined, however, that the right, or exercise of the right, by the limited partners as a group:

- to remove or replace our general partner;
- to approve some amendments to our Partnership Agreement; or
- to take other action under our Partnership Agreement;

constituted "participation in the control" of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our

obligations under the laws of Delaware, to the same extent as the general partner. This liability would extend to persons who transact business with us who reasonably believe that the limited partner is a general partner. Neither our Partnership Agreement nor the Delaware Act specifically provides for legal recourse against the general partner if a limited partner were to lose limited liability through any fault of the general partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their limited partner interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited is included in the assets of the limited partnership only to the extent that the fair value of that property exceeds that liability. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the non-recourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Act, a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to the partnership, except that such person is not obligated for liabilities unknown to him at the time he became a limited partner and that could not be ascertained from the Partnership Agreement.

Our subsidiaries conduct business in several states, and we may have subsidiaries that conduct business in other states in the future. Maintenance of our limited liability as a limited partner or member of our operating subsidiaries may require compliance with legal requirements in the jurisdictions in which our operating subsidiaries conduct business, including qualifying our subsidiaries to do business there.

Limitations on the liability of limited partners or members for the obligations of a limited partnership or limited liability company have not been clearly established in many jurisdictions. If, by virtue of our limited partner interest in our operating subsidiaries or otherwise, it were determined that we were conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace our general partner, to approve some amendments to our Partnership Agreement, or to take other action under our Partnership Agreement constituted "participation in the control" of our business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as our general partner under the circumstances. We will operate in a manner that our general partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

Voting Rights

The following is a summary of the unitholder vote required for the matters specified below. Matters requiring the approval of a "unit majority" require the approval of a majority of our outstanding common units and, to the extent outstanding, the Class B Units and the Series A Preferred Units, voting together with the common units as a single class on an as-converted basis (whether or not the Class B Units or Series A Preferred Units are convertible as of such time). The holders of a majority of our outstanding units, represented in person or by proxy, will constitute a quorum unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum will be the greater percentage. Except as provided in our Partnership Agreement, the outstanding Series A Preferred Units will have voting rights identical to the voting rights of the common units and will vote with the common units as a single class, so that each outstanding Series A Preferred Unit will be entitled to one vote for each common unit into which such Series A Preferred Unit would be converted at the then applicable conversion rate (regardless of whether the Series A Preferred Units are then convertible) on each matter with respect to which each common unit is entitled to vote. In addition, the affirmative vote of $66^2/3\%$ of the outstanding Series A Preferred Units (the Series A Required Voting Percentage) will be necessary to amend our Partnership Agreement or our certificate of limited partnership (including by merger or otherwise) in a manner that is adverse (other than in a *de minimis* manner) to any of the rights, preferences and privileges of the Series A Preferred Units.

In voting their common units, if any, our general partner and its affiliates will have no fiduciary duty or obligation whatsoever to us or our limited partners, including any duty to act in the best interests of us or our limited partners, other than the implied contractual covenant of good faith and fair dealing.

Issuance of additional units	No common unitholder approval right.
Amendment of our Partnership Agreement	Certain amendments may be made by our general partner without the approval of our unitholders. Other amendments generally require the approval of a unit majority.
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority in certain circumstances. See "—Merger, Consolidation, Conversion, Sale or Other Disposition of Assets."
Dissolution of our partnership	Unit majority. See "—Dissolution."
Continuation of our business upon dissolution	Unit majority. See "—Dissolution."
Withdrawal of our general partner	Under most circumstances, the approval of unitholders holding at least a majority of our outstanding common units (excluding common units held by our general partner and its affiliates), Class B Units (on an as-converted basis, excluding Class B Units held by our general partner and its affiliates) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), voting together as a single class, is required for the withdrawal of our general partner prior to June 30, 2022 in a manner that would cause a dissolution of our partnership. See "—Withdrawal or Removal of the General Partner."
Removal of our general partner	Not less than $66^2/3\%$ of our outstanding common units, Class B Units (on an as-converted basis) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), voting together as a single class, including units held by our general partner and its affiliates. See "—Withdrawal or Removal of the General Partner."
Transfer of the general partner interest	Our general partner may transfer all, but not less than all, of its general partner interest in us without a vote of our unitholders to an affiliate or another person in connection with its merger or consolidation with or into, or sale of all or substantially all of its assets to, such person. The approval of a majority of our outstanding common units, excluding common units held by our general partner and its affiliates, and outstanding Series A Preferred Units (voting on an as-converted basis), voting together as a single class, is required in other circumstances for a transfer of the general partner interest to a third party prior to June 30, 2022. See "—Transfer of General Partner Interest."
Transfer of ownership interests	No unitholder approval right. See "—Transfer of Ownership Interests in the General Partner."

in our general partner	

Issuance of Additional Securities

Our Partnership Agreement authorizes us to issue an unlimited number of additional limited partner interests and other equity securities for the consideration and on the terms and conditions determined by our general partner without the approval of our common unitholders.

It is possible that we will fund acquisitions through the issuance of additional units or other equity securities. Holders of any additional units we issue will be entitled to share equally with the then-existing holders of units in our distributions of available cash, subject to the terms and conditions of such units. In addition, the issuance of additional limited partner interests may dilute the value of the interests of the then-existing holders of units in our net assets.

In accordance with Delaware law and the provisions of our Partnership Agreement, we may also issue additional partnership interests that, as determined by our general partner, may have special voting rights to which the common units are not entitled. In addition, our Partnership Agreement does not prohibit the issuance by our subsidiaries of equity interests, which may effectively rank senior to the common units.

Our general partner has the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other partnership interests whenever, and on the same terms that, we issue those interests to persons other than our general partner and its affiliates, to the extent necessary to maintain the percentage interest of our general partner and its affiliates, including such interest represented by common units, that existed immediately prior to each issuance. The other holders of common units will not have preemptive rights to acquire additional common units or other partnership interests.

Amendment of the Partnership Agreement

General

Amendments to our Partnership Agreement may be proposed only by our general partner. However, our general partner will have no duty or obligation to propose any amendment and may decline to do so free of any duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interests of us or the limited partners, other than the implied contractual covenant of good faith and fair dealing. In order to adopt a proposed amendment, other than the amendments discussed below, our general partner is required to seek written approval of the holders of the number of units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by the holders of at least a unit majority.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, unless such is deemed to have occurred as a result of an amendment approved by at least a majority of the type or class of limited partner interests so affected; or
- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without its consent, which consent may be given or withheld at its option.

The provisions of our Partnership Agreement preventing the amendments having the effects described in either of the clauses above can be amended upon the approval of the holders of at least 90% of our outstanding common units, Class B Units (on an as-converted basis) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), voting together as a single class (including units owned by our general partner and its affiliates).

No Unitholder Approval

Subject to certain rights of the holders of Series A Preferred Units and the right of the holders of Class B Units, our general partner may generally make amendments to our Partnership Agreement without the approval of any limited partner to reflect:

- a change in our name, the location of our principal office, our registered agent or our registered office;
- the admission, substitution, withdrawal or removal of partners in accordance with our Partnership Agreement;
- a change that our general partner determines to be necessary or appropriate to qualify or continue to qualify us as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that neither we nor any of our subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;
- any amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or its directors, officers, agents or trustees from, in any manner, being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisors Act of 1940, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;
- any amendment that our general partner determines to be necessary or appropriate for the authorization or issuance of additional partnership interests;
- any amendment expressly permitted in our Partnership Agreement to be made by our general partner acting alone;
- any amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our Partnership Agreement;
- any amendment that our general partner determines to be necessary or appropriate to reflect and account for the formation by us of, or our investment in, any corporation, partnership or other entity, in connection with our conduct of activities permitted by our Partnership Agreement;
- a change in our fiscal year or taxable year and any other changes that our general partner determines to be necessary or appropriate as a result of such change;
- conversions into, mergers with or conveyances to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the conversion, merger or conveyance other than those it receives by way of the conversion, merger or conveyance; or
- any other amendments substantially similar to any of the matters described in the clauses above.

In addition, subject to certain rights of the holders of Series A Preferred Units and the holders of Class B Units, our general partner may make any amendment to our Partnership Agreement without the approval of any limited partner if our general partner determines that the amendment:

- does not adversely affect in any material respect the limited partners considered as a whole or any particular class of partnership interests as compared to other classes of partnership interests;
- is necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;
- is necessary or appropriate to facilitate the trading of units or to comply with any rule, regulation, guideline or requirement of any securities exchange on which our units are or will be listed or admitted to trading;
- is necessary or appropriate for any action taken by our general partner relating to splits or combinations of units under the provisions of our Partnership Agreement; or
- is required to effect the intent of the provisions of our Partnership Agreement or is otherwise contemplated by our Partnership Agreement.

Opinion of Counsel and Unitholder Approval

For amendments of the type not requiring unitholder approval, our general partner will not be required to obtain an opinion of counsel to the effect that an amendment will not affect the limited liability of any limited partner under Delaware law. No other amendments to our Partnership Agreement will become effective without the approval of holders of at least 90% of our outstanding common units, Class B Units (on an as-converted basis) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), voting as a single class unless we first obtain such an opinion.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will require the approval of at least a majority of the type or class of partnership interests so affected. Any amendment that would reduce the percentage of units required to take any action, other than to remove our general partner or call a meeting of unitholders, must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the percentage sought to be reduced. Any amendment that would increase the percentage of units required to remove our general partner must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than 90% of our outstanding common units, Class B Units (on an as-converted basis) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), voting as a single class. Any amendment that would increase the percentage of units required to call a meeting of unitholders must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute at least a majority of our outstanding common units, Class B Units (on an as-converted basis) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate).

Merger, Consolidation, Conversion, Sale or Other Disposition of Assets

A merger, consolidation or conversion of us requires the prior consent of our general partner. However, our general partner will have no duty or obligation to consent to any merger, consolidation or conversion and may decline to do so free of any duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interest of us or the limited partners, other than the implied contractual covenant of good faith and fair dealing.

In addition, our Partnership Agreement generally prohibits our general partner without the prior approval of the holders of at least a unit majority, from causing us to, among other things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination. Our general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without that approval. Our general partner may also sell any or all of our assets under a foreclosure or other realization upon those encumbrances without that approval. Finally, our general partner may consummate any merger with another limited liability entity without the prior approval of our unitholders if we are the surviving entity in the transaction, our general partner has received an opinion of counsel regarding limited liability and tax matters, the transaction would not result in an amendment to the Partnership Agreement requiring unitholder approval, each of our units will be an identical unit of our partnership following the transaction, and the partnership interests to be issued by us in such merger do not exceed 20% of our outstanding partnership interests immediately prior to the transaction.

If the conditions specified in the Partnership Agreement are satisfied, our general partner may convert us or any of our subsidiaries into a new limited liability entity or merge us or any of our subsidiaries into, or convey all of our assets to, a newly formed entity if the sole purpose of that conversion, merger or conveyance is to effect a change in our legal form into another limited liability entity, our general partner has received an opinion of counsel regarding limited liability and tax matters, and the general partner determines that the governing instruments of the new entity provide the limited partners and the general partner with the same rights and obligations as contained in the Partnership Agreement. The unitholders are not entitled to dissenters' rights of appraisal under the Partnership Agreement or applicable Delaware law in the event of a conversion, merger or consolidation, a sale of substantially all of our assets or any other similar transaction or event.

Series A Change of Control

Upon certain events involving a Series A Change of Control (as defined in our Partnership Agreement) in which more than 90% of the consideration payable to the holders of our common units is payable in cash, the Series A Preferred Units will automatically convert into common units at a conversion ratio equal to the higher of (a) the then applicable conversion rate and (b) the quotient of (i) the sum of (A) the Series A Preferred Unit Purchase Price multiplied by (1) a premium factor (ranging from 115% to 101% depending on when such transaction occurs) plus (B) any unpaid distributions on such date and any partial period distribution with respect to the Series A Preferred Units for the quarter in which the conversion occurs, divided by (ii) the volume weighted average price (VWAP) of our common units for the 30-day period ending immediately prior to the execution of definitive documentation relating to such Series A Change of Control.

In connection with other Series A Change of Control events that do not satisfy the 90% cash consideration threshold described above, in addition to certain other conditions, each holder of Series A Preferred Units may elect to (a) convert all, but not less than all, of its Series A Preferred Units into common units at the then applicable conversion rate, (b) if we are not the surviving entity (or if we are the surviving entity, but the common units will cease to be listed), require us to use commercially reasonable efforts to cause the surviving entity in any such transaction to issue a substantially equivalent security (or if we are unable to cause such substantially equivalent securities to be issued, to convert into common units at a premium based on a specified formula subject to aggregate return limitations or to be converted in accordance with clause (a) above or redeemed in accordance with clause (d) below), (c) if we are the surviving entity, continue to hold the Series A Preferred Units or (d) require us to redeem the Series A Preferred Units at a price per unit equal to 101% of the Series A Preferred Unit Purchase Price, plus accrued and unpaid distributions on the applicable Series A Preferred Units and any partial period distribution for the quarter in which the redemption occurs, which redemption price may be payable in cash, common units or a combination thereof at the election of our general partner (and, if payable in common units, such common units will be issued at 95% of the VWAP of the common units for the 20-day period ending on the fifth trading day immediately preceding the consummation of the Series A Change of Control). Any holder of Series A Preferred Units that requires us to redeem its Series A Preferred Units pursuant to clause (d) above will have the right to withdraw such election with respect to all, but not less than all, of its Series A Preferred Units at any time prior to the fifth trading day immediately preceding the consummation of the Series A Change of Control and instead elect to be treated in accordance with any of clauses (a), (b) or (c) above.

Dissolution

We will continue as a limited partnership until dissolved under our Partnership Agreement. We will dissolve upon:

- the election of our general partner to dissolve us, if approved by the holders of units representing a unit majority;
- there being no limited partners, unless we are continued without dissolution in accordance with applicable Delaware law;
- the entry of a decree of judicial dissolution of our partnership; or
- the withdrawal or removal of our general partner or any other event that results in its ceasing to be our general partner, other than by reason of a transfer of its general partner interest in accordance with our Partnership Agreement or withdrawal or removal followed by approval and admission of a successor.

Upon a dissolution under the last clause above, the holders of a unit majority may also elect, within specific time limitations, to continue our business on the same terms and conditions described in our Partnership Agreement by appointing as a successor general partner an entity approved by the holders of units representing a unit majority, subject to our receipt of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability of any limited partner; and
- neither our partnership nor any of our subsidiaries would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of that right to continue.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless we are continued as a new limited partnership, the liquidator authorized to wind up our affairs will act with all of the powers of our general partner that are necessary or appropriate to liquidate our assets and apply the proceeds of the liquidation as described in "Cash Distribution Policy—Distributions of Cash Upon Liquidation." The liquidator may defer liquidation or distribution of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

Withdrawal or Removal of the General Partner

Except as described below, our general partner has agreed not to withdraw voluntarily as our general partner prior to June 30, 2022 without obtaining the approval of the holders of at least a majority of our outstanding common units, excluding common units held by our general partner and its affiliates, and outstanding Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), together as a single class, and furnishing an opinion of counsel regarding limited liability and tax matters. On or after June 30, 2022, our general partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days' written notice, and that withdrawal will not constitute a violation of our Partnership Agreement. Notwithstanding the information above, our general partner may withdraw without unitholder approval upon 90 days' notice to the limited partners if at least 50% of the outstanding units are held or controlled by one person and its affiliates other than the general partner and its affiliates. In addition, our Partnership Agreement permits our general partner in some instances to sell or otherwise transfer all of its general partner interest in us without the approval of our unitholders. See "—Transfer of General Partner Interest."

Upon voluntary withdrawal of our general partner by giving written notice to the other partners, the holders of a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated, unless within a specified period after that withdrawal, the holders of a unit majority agree to continue our business by appointing a successor general partner. See "—Dissolution."

Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than $66^{2}/3\%$ of our outstanding common units, Class B Units (on an as-converted basis) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), voting together as a single class, including units held by our general partner and its affiliates, and we receive an opinion of counsel regarding limited liability and tax matters. Any removal of our general partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of our outstanding common units, Class B Units (on an as-converted basis) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), voting together as a single class. The ownership of more than $33^{1}/3\%$ of our outstanding common units, Class B Units (on an as-converted basis) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate) by our general partner and its affiliates would give them the practical ability to prevent our general partner's removal.

Our Partnership Agreement also provides that if our general partner is removed as our general partner under circumstances where cause does not exist and units held by our general partner and its affiliates are not voted in favor of that removal, our general partner will have the right to receive cash in exchange for those interests based on the fair market value of those interests as of the effective date of its removal.

In the event of removal of a general partner under circumstances where cause exists or withdrawal of a general partner where that withdrawal violates our Partnership Agreement, a successor general partner will have the option to purchase the general partner interest of the departing general partner for a cash payment equal to the fair market value of the general partner interest. Under all other circumstances where a general partner withdraws or is removed by the limited partners, the departing general partner will have the option to require the successor general partner to purchase the general partner interest of the departing general partner for fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. Or, if the departing general partner and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner will become a limited partner and its general partner interest will automatically convert into common units pursuant to a valuation of such interest as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

In addition, we will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing general partner or its affiliates for our benefit.

Transfer of General Partner Interest

Except for the transfer by our general partner of all, but not less than all, of its general partner interest to:

- an affiliate of our general partner (other than an individual); or
- another entity as part of the merger or consolidation of our general partner with or into such entity or the transfer by our general partner of all or substantially all of its assets to such entity;

our general partner may not transfer all or any of its general partner interest to another person prior to June 30, 2022 without the approval of the holders of at least a majority of our outstanding common units (excluding common units held by our general partner and its affiliates), Class B Units (on an as-converted basis, excluding Class B Units held by our general partner and its affiliates) and Series A Preferred Units (on an as-converted basis at the then applicable conversion rate), voting together as a single class. As a condition of this transfer, the transferee must, among other things, assume the rights and duties of our general partner, agree to be bound by the provisions of our Partnership Agreement, and furnish an opinion of counsel regarding limited liability and tax matters.

On or after June 30, 2022, our general partner and its affiliates may at any time transfer all or any of its general partner interest to one or more persons, without unitholder approval.

Transfer of Ownership Interests in the General Partner

At any time, ETRN and its affiliates may sell or transfer all or part of their membership interest in our general partner to an affiliate or third party without the approval of our unitholders.

Change of Management Provisions

Our Partnership Agreement contains specific provisions that are intended to discourage a person or group from attempting to remove our general partner or otherwise change our management. If any person or group other than our general partner and its affiliates acquires beneficial ownership of 20% or more of any class of our units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to (i) any person or group that acquires the units from our general partner or its affiliates, (ii) any transferees of a person or group described in clause (i) who are notified by our general partner that they will not lose their voting rights, (iii) any person or group who acquires the units with the prior approval of the board of directors of our general partner, (iv) the holders of Series A Preferred Units with respect to their ownership (beneficial or record) of the Series A Preferred Units or (v) any holder of Series A Preferred Units in connection with any vote, consent or approval of the Series A Preferred Units as a separate class. However, the limitations set forth above apply to holders of common units issued upon conversion of Series A Preferred Units, and clauses (i)-(iii) above do not render such limitations inapplicable.

Our Partnership Agreement also provides that if our general partner is removed as our general partner under circumstances where cause does not exist and units held by our general partner and its affiliates are not voted in favor of that removal, our general partner will have the right to receive cash in exchange for their general partner interest based on the fair market value of those interests as of the effective date of its removal.

Limited Call Right

If at any time our general partner and its affiliates own more than 80% of the then-issued and outstanding limited partner interests of any class (excluding Series A Preferred Units), our general partner will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the limited partner interests (but excluding Series A Preferred Units) of such class held by persons other than our general partner and its affiliates as of a record date to be selected by our general partner, on at least 10 but not more than 60 days' notice. The purchase price in the event of this purchase is the greater of:

- the highest cash price paid by either of our general partner or any of its affiliates for any limited partner interests of the class purchased within the 90 days preceding the date on which our general partner first mails notice of its election to purchase those limited partner interests; and
- the current market price calculated in accordance with our Partnership Agreement as of the date three business days before the date the notice is mailed.

Redemption of Ineligible Holders

In order to avoid any material adverse effect on the maximum applicable rates that can be charged to customers by our subsidiaries on assets that are subject to rate regulation by the Federal Energy Regulatory Commission (FERC) or an analogous regulatory body, our general partner, acting on our behalf, may at any time require any or all unitholders to certify that such unitholder or its respective transferee is an entity:

- whose, or whose owners', U.S. federal income tax status (or lack of proof of U.S. federal income tax status) does not have or is not reasonably likely to have, as determined by our general partner, a material adverse effect on the rates that can be charged to customers with respect to assets that are subject to regulation by the FERC; or
- as to whom our general partner cannot make the determination above, if our general partner determines that it is in our best interest to permit such individual or entity to own interests in us.

Furthermore, in order to avoid a substantial risk of cancellation or forfeiture of any property in which we have an interest as the result of any federal, state or local law or regulation concerning the nationality, citizenship or other related status of any unitholder, our general partner may at any time request unitholders to certify as to, or provide other information with respect to, their nationality, citizenship or other related status.

The certifications as to taxpayer status and nationality, citizenship or other related status can be changed in any manner our general partner determines is necessary or appropriate to implement its original purpose.

If a unitholder fails to furnish the certification or other requested information within 30 days or if our general partner determines, with the advice of counsel, upon review of such certification or other information that a unitholder does not meet the status set forth in the certification, we will have the right to redeem all of the units held by such unitholder at the market price in accordance with our Partnership Agreement.

The purchase price will be paid in cash or by delivery of a promissory note, as determined by our general partner. Any such promissory note will bear interest at the rate of 5.0% annually and be payable in three equal annual installments of principal and accrued interest, commencing one year after the redemption date. Further, the units will not be entitled to any allocations of income or loss, distributions or voting rights while held by such unitholder.

Meetings; Voting

Except as described below regarding a person or group owning 20% or more of any class of units then outstanding, record holders of units on the record date will

be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited.

Any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or, if authorized by our general partner, without a meeting if consents in writing describing the action so taken are signed by holders of the number of units that would be necessary to authorize or take that action at a meeting where all limited partners were present and voted. Meetings of the unitholders may be called by our general partner or by unitholders owning at least 20% of the outstanding units of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called represented in person or by proxy will constitute a quorum unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum will be the greater percentage.

Subject to the special voting rights of the holders of Series A Preferred Units regarding the issuance of units on parity with or senior to the Series A Preferred Units or that otherwise adversely affect the rights of the holders of Series A Preferred Units, each record holder of a unit has a vote according to his percentage interest in us, although additional limited partner interests having special voting rights could be issued. See "—Issuance of Additional Securities." However, if at any time any person or group, other than (a) our general partner and its affiliates, (b) a direct transferee of our general partner and its affiliates, (c) a transferee of such direct transferee who is notified by our general partner that it will not lose its voting rights or any person or group with the prior approval of the board of directors of our general partner, (d) the record holders of Series A Preferred Units with respect to their ownership (beneficial or record) of the Series A Preferred Units or (e) any holder of Series A Preferred Units in connection with any vote, consent or approval of the Series A Preferred Units as a separate class, acquires, in the aggregate, beneficial ownership of 20% or more of any class of units then outstanding, that person or group will lose voting rights on all of its units and the units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes. The limitations set forth above apply to each record holder of common units issued upon conversion of Series A Preferred Units, and clauses (b) and (c) above do not render such limitations inapplicable. Common units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record holders of common units under our Partnership Agreement will be delivered to the record holder by us or by the transfer agent.

Status as Limited Partner

By transfer of limited partner interests in accordance with our Partnership Agreement, each transferee of limited partner interests shall be admitted as a limited partner with respect to the limited partner interests transferred when such transfer and admission is reflected in our register. Except as described under "—Limited Liability," the limited partner interests will be fully paid, and holders thereof will not be required to make additional contributions.

General Partner Registration Rights

Under our Partnership Agreement, we have agreed to register for resale under the Securities Act of 1933, as amended (the Securities Act), and applicable state securities laws any common units or other partnership interests proposed to be sold by our general partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of EQGP Services, LLC as our general partner. We are obligated to pay all expenses incidental to the registration, excluding underwriting discounts and commissions.

Exchange Listing

Our outstanding common units are traded on the New York Stock Exchange under the symbol EQM.

Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC serves as registrar and transfer agent for our common units.

EXHIBIT 10.12(b)

FIRST AMENDMENT TO THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF MOUNTAIN VALLEY PIPELINE, LLC

This FIRST AMENDMENT (this "***Amendment***") TO THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (the "***Third A&R Agreement***;" as modified by this Amendment, the "***Agreement***") OF MOUNTAIN VALLEY PIPELINE, LLC, a Delaware series limited liability company (the "***Company***"), dated April 6, 2018, is adopted, executed and agreed to as of February 5, 2020 by the Representatives (and Deemed Representative, if applicable) of the Series A Founding Members set forth on the signature pages hereto (the "***Applicable Representatives***").

RECITALS

WHEREAS, subject to Section 13.05 of the Third A&R Agreement, the Third A&R Agreement may be amended by a written instrument executed by Supermajority Interest of the Representatives of the Series A Founding Members; and

WHEREAS, the Representatives, representing a Supermajority Interest of the Representatives of the Series A Founding Members, and Deemed Representative, if applicable, desire to amend the Agreement as of the date hereof in the manner set forth below so as to clarify that EQM Midstream Partners, LP and certain related parties are not Affiliates of EQT Corporation; and

WHEREAS, capitalized terms used in this Amendment but not defined herein shall have the meanings ascribed to such terms in the Third A&R Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Applicable Representatives identified on the signature pages of this Amendment agree as follows:

1. ***Amendments***.

(a) As of the date hereof, the definition of "Affiliate" is hereby deleted in its entirety and replaced with the following:

> ***Affiliate*** – means, with respect to any Person, (i) each entity that such Person Controls; (ii) each Person that Controls such Person, including, in the case of a Member, such Member's Parent; and (iii) each entity that is under common Control with such Person, including, in the case of a Member, each entity that is Controlled by such Member's Parent; provided that, with respect to any Member, an Affiliate shall include (x) a limited partnership or a Person Controlled by a limited partnership if such Member's Parent has the power to appoint the general partner of such limited partnership, or such general partner is otherwise Controlled by such Member's Parent, or (y) a limited liability company or a Person controlled by a limited liability company if such Member's Parent has the power to appoint the managing member or manager (or, if more than one manager, a majority of managers) of the limited liability company, or such managing member or manager(s) are Controlled by such Member's Parent; provided, further, that, for purposes of this Agreement, the Company shall not be an Affiliate of any Member.

2. ***Limited Effect***. Except as expressly set forth in this Amendment, all provisions, terms and conditions of the Agreement shall remain in full force and effect.

3. ***Governing Law***. The laws of the State of Delaware govern this Amendment, and this Amendment shall be construed in accordance therewith, regardless of its choice of law principles. Jurisdiction and venue for any proceeding relating to this Amendment shall be as set forth in the Agreement.

4. ***Counterparts***. This Amendment may be executed in any number of counterparts with the same effect as if all signing Applicable Representatives had signed the same document. All counterparts shall be construed together and constitute the same instrument. A signature page to this Amendment or any other document prepared in connection with the transactions contemplated hereby which contains a copy of an Applicable Representative's signature and which is sent by such Applicable Representative or its agent with the apparent intention (as reasonably evidenced by the actions of such Applicable Representative or its agent) that it constitutes such Applicable Representative's execution and delivery of this Amendment or such other document, including a

document sent by facsimile transmission or by email in portable document format (pdf), shall have the same effect as if such Applicable Representative had executed and delivered an original of this Amendment or such other document. Minor variations in the form of the signature page, including footers from earlier versions of this Amendment or any such other document, shall be disregarded in determining the Applicable Representative's intent or the effectiveness of such signature.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the undersigned, being Representatives constituting a Supermajority Interest of the Series A Founding Members, and the Deemed Representative, if applicable, collectively, have executed and delivered this Amendment as of the date first written above.

/s/ Robert J. Cooper
Robert J. Cooper, Representative of
MVP Holdco, LLC

/s/ Matthew Schafer
Matthew J. Schafer, Representative of
US Marcellus Gas Infrastructure, LLC

DEEMED REPRESENTATIVE:

/s/ Stuart Nachmias
Stuart Nachmias, the Observer of
Con Edison Gas Pipeline and Storage, LLC

Exhibit 10.27

EQUITRANS, L.P.
TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO FIRM TRANSPORTATION
SERVICE UNDER RATE SCHEDULE FTS
Contract No.---------- EQTR19837-1296
Dated January 8, 2016

This Agreement is entered into by and between Equitrans, L.P. ("Equitrans") and EQT Energy, LLC ("Customer").

1. Agreement (CHECK ONE)

   _x__ This is a new Agreement.

   ___ This Agreement supersedes, terminates, and cancels Contract No. _____, dated _____. The superseded contract is no longer in effect.

2. Service under this Agreement is provided pursuant to Subpart B or Subpart G of Part 284, Title 18, of the Code of Federal Regulations. Service under this Agreement is in all respects subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Equitrans FERC Gas Tariff ("Tariff") as they may be modified from time to time, and such are incorporated by reference. In the event that language of this Agreement or any Exhibit conflicts with Equitrans' Tariff, the language of the Tariff will control.

3. Equitrans shall have the unilateral right to file with the Commission or other appropriate regulatory authority, in accordance with Section 4 of the Natural Gas Act, changes in Equitrans' Tariff, including both the level and design of rates, charges, Retainage Factors and services, and the General Terms and Conditions.

4. Customer's Maximum Daily Quantity ("MDQ") of natural gas transported under this Agreement shall be the MDQ stated in Exhibit A to this Agreement. If service under this Agreement is associated with a firm storage agreement, Customer's Base MDQ and Winter MDQ are stated in Alternative Exhibit A.

5. The effective date, term and associated notice and renewal provisions of this Agreement are stated in Exhibit A to this Agreement.

6. The Receipt and Delivery Points are stated in Exhibit A to this Agreement.

7. Customer shall pay Equitrans the maximum applicable rate (including all other applicable charges and Retainage Factors authorized pursuant to Rate Schedule FTS and the Tariff) for services rendered under this Agreement, unless Customer and Equitrans execute Optional Exhibit B (Discounted Rate Agreement) or Optional Exhibit C (Negotiated Rate Agreement).

8. Exhibits are incorporated by reference into this Agreement upon their execution. Customer and Equitrans may amend any attached Exhibit by mutual agreement, which amendments shall be reflected in a revised Exhibit, and shall be incorporated by reference as part of this Agreement.

IN WITNESS WHEREOF, Customer and Equitrans have executed this Agreement by their duly authorized officers, effective as of the date indicated above.

CUSTOMER:

By /s/ Paul Kress 1/8/2016 (Date)

Title Vice President

EQUITRANS, L.P.:

By /s/ David Gray 1/8/2016 (Date)

Title Senior Vice President

EXHIBIT A

to the

TRANSPORTATION SERVICE AGREEMENT

between EQUITRANS, L.P.

and

EQT ENERGY LLC,

pursuant to Rate Schedule FTS

Contract No. CW2268342-1296 Dated 01/08/2016

This Exhibit A is dated 1/9/2020.

Any previously executed Exhibit A under this Agreement is terminated and is no longer in effect.

1. Notices and Correspondence shall be sent to:

Equitrans, L.P.

2200 Energy Drive

Canonsburg, PA 15317

Attn: Gas Transportation Dept.

Phone: (412) 395-3230

E-mail Address: TransportationServices@equitransmidstream.com

EQT ENERGY LLC

Address:

625 LIBERTY AVENUE SUITE 1700

PITTSBURGH, PA 15222-3111

Representative: Ray Franks

Phone: (412) 553-5749

Facsimile: (412) 395-2675

E-mail Address: rfranks@eqt.com

DUNS: 03-585-8708

Federal Tax I.D. No.: 02-0750473

Other contact information if applicable:

2. Service Under this Agreement is provided on:

X Mainline System (includes the Sunrise Transmission System and the Ohio Valley Connector)

_____ Allegheny Valley Connector

3. Maximum Daily Quantity (MDQ):

Base MDQ (Dth)	Winter MDQ (Dth)	Effective Date
650,000	650,000	1/9/2020

4. Primary Receipt and Delivery Point(s)

Primary Receipt Point(s)** (Meter No. and/or Meter Name)	Base MDQ Allocation	Winter MDQ Allocation	Effective Date
24605 - Mobley	310,000 Dth	310,000 Dth	1/9/2020
M5259543 - McIntosh	200,000 Dth	200,000 Dth	1/9/2020
M5237075 - Taurus	70,000 Dth	70,000 Dth	1/9/2020
17172 - Hopewell Ridge	30,000 Dth	30,000 Dth	1/9/2020
24490 - Pluto	40,000 Dth	40,000 Dth	1/9/2020

** Receipt point MDQs do not include quantities required for retainage.

Primary Delivery Point(s) (Meter No. and/or Meter Name)	Base MDQ Allocation	Winter MDQ Allocation	Effective Date
60062D - REX Isaly	500,000 Dth	500,000 Dth	1/9/2020
70007D - Rover Traveler	150,000 Dth	150,000 Dth	1/9/2020

5. Effective Date and Term: This Exhibit A is effective 1/9/2020 and continues in full force and effect through 9/30/2036.* For agreements twelve (12) months or longer, Customer and/or Equitrans may terminate the agreement at the end of the primary term by providing at least six (6) months prior written notice of such intent to terminate.

At the expiration of the primary term, this Exhibit A has the following renewal term

(choose one):

__X_ no renewal term

____ through _____ *

____ for a period of _____ *

____ year to year* (subject to termination on ____months prior written notice)

____ month to month (subject to termination by either party upon ___ days written notice prior to contract expiration)

____ other (described in section 6 below)

* In accordance with Section 6.28 of the General Terms and Conditions, a right of first refusal may apply; any contractual right of first refusal will be set forth in Section 6 of this Exhibit A.

6. Other Special Provisions:

Any capitalized terms used but not defined herein shall have the meanings ascribed to them in the Precedent Agreement dated July 23, 2014 between the parties.

Customer shall have the right of first refusal with respect to the MDQ at the expiration of the Primary Term, for a renewal term of no less than five years, in accordance with Equitrans' FERC Gas Tariff.

This Agreement incorporates the Credit Agreement dated July 23, 2014 entered into by and between Equitrans and Customer and any amendments or restatements thereto.

Should Equitrans elect in the future to expand the Ohio Valley Connector or a lateral directly connected to the Ohio Valley Connector on a forward haul basis, Customer shall have a right to participate in that project ("OVC Expansion Project"). Equitrans shall notify Customer prior to holding an Open Season for an OVC Expansion Project. Notwithstanding the foregoing, Customer's right under this section shall not apply to Equitrans' separate project to modify, expand, and extend certain of its transmission facilities in order to provide additional firm transportation service from Clarington, Ohio to Lebanon, Ohio and such other locations as Equitrans may determine, which is a separate project and not an OVC Expansion Project, and for which an Open Season has already been held. Equitrans and Customer agree that nothing in this section prohibits Customer from requesting firm capacity on similar proposed projects.

IN WITNESS WHEREOF, Customer and Equitrans have executed this Exhibit A by their duly authorized officers, effective as of the date indicated above.

CUSTOMER:

By /s/ Nathaniel MacAdams 1/8/2020 (Date)

Title VP Structured Products

EQUITRANS, L.P.:

By /s/ Andrew L. Murphy 1/8/2020 (Date)

Title Vice President

OPTIONAL EXHIBIT C

to the

TRANSPORTATION SERVICE AGREEMENT

between EQUITRANS, L.P.

and

EQT ENERGY LLC,

pursuant to Rate Schedule FTS

Contract No. CW2270464-1296 Dated 01/08/2016

This Exhibit C is dated 1/9/2020.

Any previously executed Exhibit C under this Agreement is terminated and is no longer in effect.

Negotiated Rate Agreement

1. In accordance with Section 6.30 of the General Terms and Conditions of Equitrans' Tariff, Equitrans and Customer agree that the following negotiated rate provisions will apply under the Agreement:

Negotiated Rates Effective 1/9/2020 - 9/30/2036:

Rates Effective from Mobley Receipt Point (Meter# 24505) to REX Isaly Delivery Point (Meter# 60062D) or Rover Traveler Delivery Point (Meter# 70007D)

Monthly Reservation Rate $8.0437 per MDQ
Commodity Rate $0.00 per Dth
Authorized Overrun Rate $0.2645 per Dth

Rates Effective from Mcintosh Receipt Point (Meter# M5259543) to REX Isaly Delivery Point (Meter# 60062D) or Rover Traveler Delivery Point (Meter# 70007D)

Monthly Reservation Rate $11.2614 per MDQ
Commodity Rate $0.00 per Dth
Authorized Overrun Rate $0.3702 per Dth

Rates Effective from Taurus Receipt Point (Meter# M5237075), Hopewell Ridge Receipt Point (Meter# 17172), and Pluto Receipt Point (Meter# 24490) to REX Isaly Delivery Point (Meter# 60062D) or Rover Traveler Delivery Point (Meter# 70007D)

Monthly Reservation Rate $14.4785 per MDQ
Commodity Rate $0.00 per Dth
Authorized Overrun Rate $0.4760 per Dth

Customer's base negotiated rates, as set forth above, shall be adjusted for any cost overruns as follows:

The negotiated rate will be subject to an annual adjustment (upwards or downwards), to take effect on each anniversary of 10/1/2016, calculated as follows:

OMSGA x (1+D) = ARR, where

OMSGA = The current portion of the Monthly Reservation Rate that accounts for O&M and SG&A

D = the percentage change in the Producer Price Index - Support activities for Oil and Gas Operations ("PPI-Oil and Gas"), as published by the US Department of Labor Bureau of Labor Statistics ("BLS"), from June 1 of the year that is two (2) years immediately prior to the year for which the adjustment is to be effective (the "Adjustment Year") to June 1 of the year immediately preceding the Adjustment Year, based upon the most recent publication of the PPI-Oil and Gas prior to the end of the year immediately preceding the Adjustment Year for each such date. Any such adjustment (upward or downward) shall be capped at two percent (2%).

ARR = the updated OMSGA to be used in annual adjustments

In addition to the fixed Monthly Reservation Rate, Customer shall pay (1) the applicable FERC ACA surcharge, and (2) the fuel usage, lost and unaccounted for gas percentage retainage factor to recover actual fuel usage, lost and unaccounted for gas based on the following calculation. Equitrans will initially retain 0.42% of Customer's nominated receipts volumes to recover fuel, lost and unaccounted for gas. Equitrans will track the actual experienced fuel and lost and unaccounted for gas experienced to provide transportation service on the Mainline System. Equitrans will account for the under or over recovered fuel and lost and unaccounted for gas associated with this Agreement in FERC Account 186. Beginning with the Effective Date, Equitrans shall adjust the Retainage Factor from time to time, but at least on an annual basis, to more accurately reflect actual experienced fuel and lost and unaccounted for gas; however, in no event will the Retainage Factor be less than zero. Equitrans shall file with the Commission for approval to adjust the Retainage Factor to reflect changes in the actual experienced fuel and unaccounted for gas on the Mainline System. The resulting Retainage Factor shall be effective until the effective date of Equitrans' next succeeding filing to update the Retainage Factor for this Agreement.

The Retainage Factor will be considered a negotiated Rate, subject to FERC's negotiated rate policies, and will only apply to nominations on Equitrans' System not involving storage injections and withdrawals or on-system non-interstate pipeline delivery points (each, a "City-Gate Point"). Any storage injection and withdrawal or City-Gate Point nominations will be subject to the posted Tariff Retainage Factors and other applicable surcharges (such as the Pipeline Safety Cost rate). In addition, Customer shall not be entitled to reservation charge credits in the event of a service outage affecting the transportation service to be provided under this Agreement.

Customer shall have most favored nation status with respect to this Agreement. If at any time during the first five years following the Effective Date Equitrans is or become party to any discounted or negotiated rate precedent agreement or service agreement with any third party for firm transportation service with respect to the Ohio Valley Connector from the Receipt Point of Mobley to the Delivery Point of either REX Isaly or Rover Traveler for an MDQ that is less than or equal to Customer's MDQ under this Agreement for service from the receipt point of Mobley to the Delivery Point of either REX Isaly or Rover Traveler, and pursuant to such third party precedent agreement for service between the specified points (or service agreement) Equitrans is obligated to provide such third party firm service at rates that are lower than the rates for firm service under this Agreement for service from such Receipt Point to such Delivery Point, then within five (5) business days of executing such third party discounted or negotiated rate precedent

agreement or service agreement, Equitrans will notify Customer of such lower rate (such notice, an "MFN Notice".) Within thirty (30) business days of receipt of an MFN Notice from Equitrans, Customer shall notify Equitrans whether Customer wishes to amend this Agreement to provide for such lower rate for firm transportation service hereunder, only with respect to service between the Receipt Point of Mobley to the Delivery Point of either REX Isaly or Rover Traveler.

Except as expressly stated herein, Equitrans' applicable maximum rates and charges set forth in the Statement of Rates of its Tariff continue to apply.

2. Customer acknowledges that it is electing Negotiated Rates as an alternative to the rates and charges set forth in the Statement of Rates of Equitrans' Tariff applicable to Rate Schedule FTS, as revised from time to time.

3. This Exhibit C is effective 1/9/2020 and continues in effect through 9/30/2036.

4. In the event any provision of this Exhibit C is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

5. Other Special Provisions:

None.

IN WITNESS WHEREOF, Customer and Equitrans have executed this Exhibit C by their duly authorized officers, effective as of the date indicated above.

CUSTOMER:

By /s/ Nathaniel MacAdams 1/8/2020 (Date)

Title VP Structured Products

EQUITRANS, L.P.:

By /s/ Andrew L. Murphy 1/8/2020 (Date)

Title Vice President

Exhibit 21.1

EQM Midstream Partners, LP

Subsidiaries

Entity	Jurisdiction
Equitrans Investments, LLC	Delaware
Equitrans Services, LLC	Delaware
Equitrans, L.P.	Pennsylvania
Equitrans Transaction Sub GP, LLC	Delaware
Equitrans Water Services (PA), LLC	Delaware
Equitrans Water Services (OH), LLC	Delaware
EQGP Holdings, LP	Delaware
EQM Midstream Finance Corporation	Delaware
EQM Midstream Management LLC	Delaware
EQM Midstream Services, LLC	Delaware
EQM Gathering Holdings, LLC	Delaware
EQM Gathering Opco, LLC	Delaware
EQM Olympus Midstream LLC	Delaware
EQM Poseidon Midstream LLC	Delaware
EQM West Virginia Midstream LLC	Delaware
EQM VE II Access, LLC	Delaware
EQM VG, LLC	Delaware
Eureka Land, LLC	Delaware
Eureka Midstream Holdings, LLC	Delaware
Eureka Midstream, LLC	Delaware
Eureka Services Intermediate, LLC	Delaware
Eureka Services, LLC	Delaware
Hornet Midstream Holdings, LLC	Delaware
Hornet Midstream Pipeline, LLC	Delaware
MVP Holdco, LLC	Delaware
Rager Mountain Storage Company LLC	Delaware
RM Partners LP	Delaware
RM Operating LLC	Delaware
Strike Force Midstream Holdings LLC	Delaware
Strike Force Midstream LLC	Delaware
Strike Force East LLC	Delaware
Strike Force South LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-8 No. 333-182460) of EQM Midstream Partners, LP pertaining to the Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan, and
- Registration Statement (Form S-3 No. 333-234521) of EQM Midstream Partners, LP pertaining to the registration of Common Units Representing Limited Partner Interests, Preferred Units Representing Limited Partner Interests and Debt Securities;

of our reports dated February 27, 2020, with respect to the consolidated financial statements of EQM Midstream Partners, LP and Subsidiaries and the effectiveness of internal control over financial reporting of EQM Midstream Partners, LP and Subsidiaries included in this Annual Report (Form 10-K) of EQM Midstream Partners, LP for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
February 27, 2020

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-8 No. 333-182460) of EQM Midstream Partners, LP pertaining to the Amended and Restated EQGP Services, LLC 2012 Long-Term Incentive Plan, and
- Registration Statement (Form S-3 No. 333-234521) of EQM Midstream Partners, LP pertaining to the registration of Common Units Representing Limited Partner Interests, Preferred Units Representing Limited Partner Interests and Debt Securities;

of our report dated February 27, 2020, with respect to the financial statements of Mountain Valley Pipeline, LLC - Series A included in the Annual Report (Form 10-K) of EQM Midstream Partners, LP for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
February 27, 2020

Exhibit 31.1

CERTIFICATION

I, Thomas F. Karam, certify that:

1. I have reviewed this Annual Report on Form 10-K of EQM Midstream Partners, LP;

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

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

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

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

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

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

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

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

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

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

Date: February 27, 2020

EQM Midstream Partners, LP

/s/ THOMAS F. KARAM

Thomas F. Karam

Chief Executive Officer, EQGP Services, LLC, the registrant's General Partner

Exhibit 31.2

CERTIFICATION

I, Kirk R. Oliver, certify that:

1. I have reviewed this Annual Report on Form 10-K of EQM Midstream Partners, LP;

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

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

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

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

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

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

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

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

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

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

Date: February 27, 2020

EQM Midstream Partners, LP

/s/ KIRK R. OLIVER

Kirk R. Oliver

Senior Vice President and Chief Financial Officer, EQGP Services, LLC,
the registrant's General Partner

Exhibit 32

CERTIFICATION

In connection with the Annual Report of EQM Midstream Partners, LP ("EQM") on Form 10-K for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ THOMAS F. KARAM — February 27, 2020

Thomas F. Karam

Chief Executive Officer, EQGP Services, LLC, EQM's General Partner

/s/ KIRK R. OLIVER — February 27, 2020

Kirk R. Oliver

Senior Vice President and Chief Financial Officer, EQGP Services, LLC, EQM's General Partner

APPENDIX B

Non-GAAP Financial Information

Equitrans Midstream EBITDA

As used in this Form 10-K, Equitrans Midstream EBITDA means Equitrans Midstream Corporation's (Equitrans Midstream) net loss, (i) plus Equitrans Midstream's income tax expense, net interest expense, depreciation, amortization of intangible assets, impairments of long-lived assets and transaction costs, (ii) less Equitrans Midstream's equity income and other income, and (iii) less the earnings before interest, taxes, depreciation and amortization (EBITDA) of any business or assets acquired during the period, as set forth in Equitrans Midstream's 2019 Short-Term Incentive Plan (the 2019 STIP). Equitrans Midstream EBITDA is a non-GAAP supplemental financial measure that management and external users of Equitrans Midstream's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, use to assess:

- Equitrans Midstream's operating performance as compared to other publicly traded corporations in the midstream energy industry without regard to historical cost basis or financing methods;
- The ability of Equitrans Midstream's assets to generate sufficient cash flow to pay dividends to Equitrans Midstream shareholders;
- Equitrans Midstream'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.

Equitrans Midstream believes that Equitrans Midstream EBITDA provides useful information to investors in assessing its results of operations and financial condition. Equitrans Midstream EBITDA should not be considered as an alternative to Equitrans Midstream's net income, operating income or any other measure of financial performance presented in accordance with GAAP. Equitrans Midstream EBITDA has important limitations as an analytical tool because it excludes some, but not all, items that affect net income. Additionally, because Equitrans Midstream EBITDA may be defined differently by other companies in Equitrans Midstream's industry, Equitrans Midstream's definition of Equitrans Midstream EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing the utility of the measure. The table below reconciles Equitrans Midstream EBITDA with net income as derived from the statements of consolidated comprehensive income included in Equitrans Midstream's annual report on Form 10-K for the year ended December 31, 2019.

Equitrans Midstream EBITDA ($ in thousands)	As of December 31, 2019
Net Loss	$ (64,959)
Add:	
Income tax expense	50,704
Net interest expense	256,195
Depreciation	227,364
Amortization of intangible assets	53,258
Impairments of long-lived assets	969,258
Separation and other transaction costs	1,257
Less:	
Equity income	(163,279)
Other income	(2,661)
EBITDA attributable to the Bolt-on Acquisition[(a)(b)]	(56,119)
Equitrans Midstream EBITDA	$ 1,271,018

(a) On March 13, 2019, EQM entered into a Purchase and Sale Agreement with North Haven Infrastructure Partners II Buffalo Holdings, LLC, an affiliate of Morgan Stanley Infrastructure Partners, pursuant to which EQM acquired from NHIP a 60% Class A interest in Eureka Midstream Holdings, LLC and a 100% interest in Hornet Midstream Holdings, LLC (collectively, the Bolt-on Acquisition).

(b) EBITDA attributable to the Bolt-on Acquisition was excluded from Equitrans Midstream EBITDA in accordance with the 2019 STIP calculation. EBITDA attributable to the Bolt-on Acquisition was calculated as net loss of $101.9 million plus net interest expense of $7.4 million, plus depreciation of $19.7 million, plus amortization of intangible assets of $11.7 million, plus impairments of long-lived assets of $136.1 million and less transaction costs of $16.9 million.

Exhibit 99.2

Audited Financial Statements

Mountain Valley Pipeline, LLC - Series A
Years Ended December 31, 2019, 2018 and 2017
With Report of Independent Auditors

Mountain Valley Pipeline, LLC - Series A
Index To Audited Financial Statements
Years Ended December 31, 2019, 2018 and 2017

Report of Independent Auditors

The Management Committee of Mountain Valley Pipeline, LLC - Series A

We have audited the accompanying financial statements of Mountain Valley Pipeline, LLC - Series A (the Company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, members' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of the operator of the Company, EQM Gathering Opco, LLC, is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain Valley Pipeline, LLC - Series A at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
February 27, 2020

Mountain Valley Pipeline, LLC - Series A
Balance Sheets
December 31,

($ in thousands)	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 89,819	$ 301,714
Capital contributions due from members	12,749	314,203
Other current assets	70	9
Total current assets	102,638	615,926
Property, plant and equipment:		
Construction work in process	4,941,598	3,185,957
Other assets	9,923	16,549
Total assets	$ 5,054,159	$ 3,818,432
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 222,326	$ 605,644
Due to related parties	1,319	722
Total current liabilities	223,645	606,366
Members' equity	4,830,514	3,212,066
Total liabilities and members' equity	$ 5,054,159	$ 3,818,432

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

Mountain Valley Pipeline, LLC - Series A
Statements of Operations
Years Ended December 31,

($ in thousands)	2019	2018	2017
Environmental expense	$ 2,416	$ —	$ —
Allowance for equity funds used during construction	245,890	90,791	32,054
Interest income:			
Allowance for borrowed funds used during construction	105,382	38,911	16,146
Other interest	6,243	5,762	528
Total interest income	111,625	44,673	16,674
Net income	$ 355,099	$ 135,464	$ 48,728

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

Mountain Valley Pipeline, LLC - Series A
Statements of Members' Equity

($ in thousands)	MVP Holdco, LLC	US Marcellus Gas Infrastructure, LLC	Con Edison Gas Pipeline and Storage, LLC	WGL Midstream, Inc.	RGC Midstream, LLC	Total
Balance at January 1, 2017	$ 185,072	$ 125,961	$ 50,028	$ 40,536	$ 4,033	$ 405,630
Capital contributions and changes in ownership interest[a]	253,813	172,927	69,729	55,783	5,578	557,830
Net income	22,171	15,106	6,091	4,873	487	48,728
Balance at December 31, 2017	$ 461,056	$ 313,994	$ 125,848	$ 101,192	$ 10,098	$ 1,012,188
Capital contributions and changes in ownership interest[a]	939,308	639,969	258,052	206,442	20,643	2,064,414
Net income	61,636	41,994	16,933	13,546	1,355	135,464
Balance at December 31, 2018	$ 1,462,000	$ 995,957	$ 400,833	$ 321,180	$ 32,096	$ 3,212,066
Capital contributions and changes in ownership interest[a]	610,257	415,779	155,214	132,740	13,413	1,327,403
Less: Capital contributions due from members[b]	(33,845)	(23,060)	—	(6,405)	(744)	(64,054)
Net income	161,576	110,085	44,377	35,510	3,551	355,099
Balance at December 31, 2019	$ 2,199,988	$ 1,498,761	$ 600,424	$ 483,025	$ 48,316	$ 4,830,514

(a) Includes capital contributions due from members for a total amount of $76,803, $314,203 and $232,382 as of December 31, 2019, 2018 and 2017, respectively. As of the date of issuance, contributions due from members totaling $12,749 have been paid.

(b) Includes capital contributions due from members as of December 31, 2019 that were unpaid as of the date of issuance.

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

Mountain Valley Pipeline, LLC - Series A
Statements of Cash Flows
Years ended December 31,

($ in thousands)	2019	2018	2017
Cash flows from operating activities:			
Net income	$ 355,099	$ 135,464	$ 48,728
Adjustments to reconcile net income to net cash provided by operating activities:			
Allowance for funds used during construction	(351,272)	(129,702)	(48,200)
Changes in operating assets and liabilities:			
Other assets	(61)	(8)	(416)
Net cash provided by operating activities	3,766	5,754	112
Cash flows from investing activities:			
Capital expenditures	(1,780,466)	(1,784,521)	(281,552)
Net cash used in investing activities	(1,780,466)	(1,784,521)	(281,552)
Cash flows from financing activities:			
Capital contributions from members	1,564,805	1,982,592	350,658
Net cash provided by financing activities	1,564,805	1,982,592	350,658
Net change in cash and cash equivalents	(211,895)	203,825	69,218
Cash and cash equivalents at beginning of year	301,714	97,889	28,671
Cash and cash equivalents at end of year	$ 89,819	$ 301,714	$ 97,889

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

Mountain Valley Pipeline, LLC - Series A
Notes To Financial Statements

1. Description of Business

Mountain Valley Pipeline, LLC is a limited liability company formed to develop, construct, own and operate natural gas assets. Mountain Valley Pipeline, LLC - Series A (the Company) is a series of Mountain Valley Pipeline, LLC under Delaware law, formed to construct, own and operate an interstate natural gas pipeline and related facilities (the MVP mainline). The MVP mainline will span approximately 300 miles from northern West Virginia to southern Virginia and will be regulated by the Federal Energy Regulatory Commission (FERC). The MVP mainline will be operated by EQM Gathering Opco, LLC (EQM Gathering), an indirect wholly-owned subsidiary of EQM Midstream Partners, LP (EQM), pursuant to an Amended and Restated Construction, Operation and Management Agreement, dated as of June 16, 2015, among the Company and EQM Gathering (the COM Agreement).

The Company's members consist of MVP Holdco, LLC (MVP Holdco), an indirect wholly-owned subsidiary of EQM, US Marcellus Gas Infrastructure, LLC (NextEra), Con Edison Gas Pipeline and Storage, LLC (ConEd), WGL Midstream, Inc. (AltaGas) and RGC Midstream, LLC (RGC). On November 4, 2019, ConEd exercised its option to cap its investment in the Company at approximately $530 million (excluding AFUDC). EQM and NextEra Energy, Inc. are obligated, and RGC has opted, to fund the shortfall in ConEd's capital contributions, on a pro rata basis. Any funding of the shortfall by such members will correspondingly increase their respective interests in the Company and decrease ConEd's interest in the Company.

As of December 31, 2019, each member's ownership interest in the Company was as follows: MVP Holdco (45.52%), NextEra (31.01%), ConEd (12.47%), AltaGas (10.00%) and RGC (1.00%).

2. Significant Accounting Policies

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents include cash and interest-bearing deposits having original maturities of three months or less.

Capital Contributions Due from Members: Capital contributions due from members are recorded within current assets when there is substantial evidence of the ability and intent to collect the contribution within a reasonably short period of time and such amounts have been received prior to the date the financial statements were available to be issued. Capital contributions due from members that have not been received prior to the date the financial statements were available to be issued are presented in the balance sheet as a deduction from members' equity.

Property, Plant and Equipment (PP&E): Property, plant and equipment is stated at cost. The Company capitalizes the carrying costs for the construction of its long-term assets and will amortize these costs over the estimated useful life of the related assets once placed in service. As of December 31, 2019 and 2018, all amounts capitalized relate to construction work in process. The capitalized cost of additions to property, plant and equipment includes indirect costs such as engineering, supervision, payroll taxes, other benefits and an allowance for funds used during construction (AFUDC).

The calculated AFUDC includes capitalization of the cost of debt for financing construction of assets subject to regulation by the FERC (the debt component) and the designated cost of equity for financing the construction of these regulated assets (the equity component). The rate used for AFUDC was determined in accordance with regulations of the FERC and is compounded semiannually. The debt component of AFUDC is recorded as interest income on the accompanying statements of operations.

The Company accrues capital expenditures when work has been completed but the associated invoices have not yet been paid. These accrued amounts are excluded from capital expenditures on the statements of cash flows until they are paid in a subsequent period. Accrued capital expenditures included in accounts payable and due to related parties in the accompanying balance sheets were approximately $223.7 million and $606.4 million as of December 31, 2019 and 2018, respectively.

Regulatory Accounting: The Company is constructing and will operate assets that will be regulated by the FERC. The rates that will be charged by the Company are reviewed and approved by the FERC. As such, the Company applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification 980, *Regulated Operations*. The economic effects of regulation can result in a regulated company recording assets for costs that have been or are expected to be approved for recovery from customers or recording liabilities for amounts that are expected to be returned to customers in the rate-setting

process in a period different from the period in which the amounts would be recorded by an unregulated company. Accordingly, the Company may record assets and liabilities that result from the regulated ratemaking process that may not be recorded under GAAP for non-regulated entities.

Asset Retirement Obligations: The Company is under no legal or contractual obligation to restore or dismantle the MVP mainline. After completing construction and starting operations, the Company intends to operate the MVP mainline as long as supply and demand for natural gas exists, which the Company expects for the foreseeable future. As a result, the Company does not have any asset retirement obligations as of December 31, 2019 and 2018.

Income Taxes: The Company is treated as a partnership for federal and state income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the tax returns of its members.

Allocation of Profits and Losses: The Company's profits and losses are allocated in accordance with the members' respective ownership interests.

Leases: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The standard requires entities to record assets and obligations for contracts currently recognized as operating leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. The update provides an optional transition method of adoption that permits entities to initially apply the standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Under the optional transition method, comparative financial information and disclosures are not required. The update also provides transition practical expedients. The standard requires disclosures of the nature, maturity and value of an entity's lease liabilities and elections taken by the entity. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842): Codification Improvements*, which, among other things, clarifies interim disclosure requirements in the year of ASU 2016-02 adoption.

The Company adopted ASU 2016-02, ASU 2018-11 and ASU 2019-01 on January 1, 2019 using the optional transition method. The Company uses a lease accounting system to monitor its current population of lease contracts. The Company implemented processes and controls to review new lease contracts for appropriate accounting treatment in the context of the standards and to generate disclosures required under the standards. For the disclosures required by the standards, see Note 7.

3. Regulatory Matters

The MVP mainline will be governed by the United States Natural Gas Act, which requires a Certificate of Public Convenience and Necessity from the FERC before construction can commence. On October 13, 2017, the FERC issued a Certificate of Public Convenience and Necessity to the Company. In the first quarter of 2018, the Company received its first partial notice to proceed from the FERC to begin construction activities on certain facilities and commenced construction. There are several pending challenges, as discussed below, to certain aspects of the MVP mainline that must be resolved before the MVP mainline can be completed. The Company is working to respond to the court and agency decisions and restore all permits. The MVP mainline is targeting a late 2020 full in-service date at an overall project cost of $5.3 billion to $5.5 billion, excluding AFUDC.

Sierra Club, et al. v. U.S. Army Corps of Engineers, et al., consolidated under Case No. 18-1173, Fourth Circuit Court of Appeals (Fourth Circuit). In February 2018, the Sierra Club filed a lawsuit in the Fourth Circuit against the U.S. Army Corps of Engineers (the U.S. Army Corps). The lawsuit challenges the verification by the Huntington District of the U.S. Army Corps that Nationwide Permit 12, which generally authorizes discharges of dredge or fill material into waters of the United States and the construction of pipelines across such waters under Section 404 of the Clean Water Act, could be utilized in the Huntington District (which covers all but the northernmost area of West Virginia) for the MVP mainline. The crux of Sierra Club's position was that the Company, pursuant to its FERC license, planned to use a certain methodology (dry open cut creek crossing methodology) to construct the pipeline across streams in West Virginia that would take considerably longer than the 72 hours allowed for such activities pursuant to the terms of West Virginia's Clean Water Act Section 401 certification for Nationwide Permit 12. A three-judge panel of the Fourth Circuit agreed with the Sierra Club and on October 2, 2018, issued a preliminary order stopping the construction in West Virginia of that portion of the pipeline that is subject to Nationwide Permit 12. Following the issuance of the court's preliminary order, the U.S. Army Corps' Pittsburgh District (which had also verified use of Nationwide Permit 12 by the Company in the northern corner of West Virginia) suspended its verification that allowed the Company to use Nationwide Permit 12 for stream and wetlands crossings in northern West Virginia. On November 27, 2018, the Fourth Circuit panel issued its final decision vacating the Huntington District's verification of the use of Nationwide Permit 12 in West Virginia. West Virginia subsequently revised its Section 401 certification for Nationwide Permit 12; however, unless and until the U.S. Army Corps' Huntington and Pittsburgh Districts re-verify the Company's use of Nationwide Permit 12, or the Company secures an individual Section 404 permit with the concurrence of both Districts, the Company cannot perform any construction activities in any streams and wetlands in West Virginia.

WVDEP Rulemaking Proceedings - Section 401 Nationwide Permit. On April 13, 2017, the West Virginia Department of Environmental Protection (WVDEP) issued a 401 Water Quality Certification for the U.S. Army Corps Nationwide Permits. In August 2018, the WVDEP initiated an administrative process to revise this certification and requested public comment to, among other things, specifically revise the 72-hour limit for stream crossings noted as problematic by the Fourth Circuit as well as other conditions. The WVDEP issued a new notice and comment period for further modifications of the 401 certification. On April 24, 2019, the WVDEP submitted the modification to the U.S. Environmental Protection Agency (EPA) for approval (since the WVDEP is also required to obtain the EPA's agreement to the modified 401 certification) and provided notice to the U.S. Army Corps. The EPA's agreement to the WVDEP's modification of its water quality certification was received in August 2019. The U.S. Army Corps approved the WVDEP's modification of its Nationwide Permit on January 24, 2020. The Company submitted a new permit application on January 28, 2020.

Sierra Club, et al. v. U.S. Army Corps of Engineers et al., Case No. 18-1713, Fourth Circuit Court of Appeals. In June 2018, the Sierra Club filed a second petition in the Fourth Circuit against the U.S. Army Corps, seeking review and a stay of the U.S. Army Corps Norfolk District's decision to verify the Company's use of Nationwide Permit 12 for stream crossings in Virginia. The Fourth Circuit denied the Sierra Club's request for a stay on August 28, 2018. On October 5, 2018, the U.S. Army Corps' Norfolk District suspended its verification under Nationwide Permit 12 for stream crossings in Virginia pending the resolution of the West Virginia proceedings outlined above. On December 10, 2018, the U.S. Army Corps filed a motion to place the case in abeyance which the court granted on January 9, 2019. Until the U.S. Army Corps lifts its suspension, the Company cannot perform any construction activities in any streams and wetlands in Virginia. The administrative proceeding described above is addressing the issues raised by the court.

Sierra Club, et al. v. U.S. Forest Service, et al., consolidated under Case No. 17-2399, Fourth Circuit Court of Appeals. In a different Fourth Circuit appeal filed in December 2017, the Sierra Club challenged a Bureau of Land Management (BLM) decision to grant a right-of-way to the Company and a U.S. Forest Service (USFS) decision to amend its management plan to accommodate the Company, both of which affect the MVP mainline's 3.6-mile segment in the Jefferson National Forest in Virginia. On July 27, 2018, agreeing in part with the Sierra Club, the Fourth Circuit vacated the BLM and USFS decisions, finding fault with the USFS' analysis of erosion and sedimentation effects and the BLM's analysis of the practicality of alternate routes. On August 3, 2018, citing the court's vacatur and remand, the FERC issued a stop work order for the entire pipeline pending the agency actions on remand. The FERC modified its stop work order on August 29, 2018 to allow work to continue on all but approximately 25 miles of the project. On October 10, 2018, the Fourth Circuit granted a petition for rehearing filed by the Company for the limited purpose of clarifying that the July 27, 2018 order did not vacate the portion of the BLM's Record of Decision authorizing a right-of-way and temporary use permit for the Company to cross the Weston and Gauley Bridge Turnpike Trail in Braxton County, West Virginia. On October 15, 2018, the Company filed with the FERC a request to further modify the August 3, 2018 stop work order to allow the Company to complete the bore and install the pipeline under the Weston and Gauley Bridge Turnpike Trail. On October 24, 2018, the FERC granted the Company's request to further modify the stop work order and authorize construction. However, work on the 3.6-mile segment in the Jefferson National Forest must await a revised authorization, which the Company is working to obtain.

Challenges to FERC Certificate, Court of Appeals for the District of Columbia Circuit (DC Circuit). Multiple parties have sought judicial review of the FERC's order issuing a certificate of convenience and necessity to the Company and/or the exercise by the Company of eminent domain authority. On February 19, 2019, the DC Circuit issued an order rejecting multiple consolidated petitions seeking direct review of the FERC order under the Natural Gas Act and certain challenges to the exercise by the Company of eminent domain authority in Appalachian Voices, et al. v. FERC, et al., consolidated under Case No. 17-1271. No petitions for rehearing or petitions for rehearing en banc were filed by the April 5, 2019 deadline. The mandate was issued on April 17, 2019. Another group of parties filed a complaint in the U.S. District Court for the District of Columbia asserting that the FERC's order issuing certificates is unlawful on constitutional and other grounds in *Bold Alliance, et al. v. FERC, et al.*, Case No. 1:17-cv-01822-RJL. The district court plaintiffs seek declaratory relief as well as an injunction preventing the Company from developing its project or exercising eminent domain authority. In December 2017 and January 2018, the FERC and the Company, respectively, moved to dismiss the petitions for lack of subject matter jurisdiction. The court granted the motion and dismissed plaintiffs' complaint on September 28, 2018. On October 26, 2018, plaintiffs appealed to the DC Circuit in *Bold Alliance, et al. v. FERC, et al.*, Case No. 18-5322. On December 3, 2018, the FERC, as appellee, filed a joint motion with the appellants to hold Case No. 18-5322 in abeyance pending completion of the appeals of the final agency orders related to the Company's certificate in consolidated Case No. 17-1271 and Atlantic Coast Pipeline's (ACP) FERC certificate. The Company filed a motion to dismiss the case as to some of the plaintiffs. On February 15, 2019, the DC Circuit entered an order holding this appeal in abeyance pending rulings on the appeals from the ACP and MVP FERC proceedings. ACP's proceeding remains pending. Case No. 18-5322 remains in abeyance.

Mountain Valley Pipeline, LLC v. 6.56 Acres of Land et al., Case No. 18-1159, Fourth Circuit Court of Appeals. Several landowners filed challenges to the condemnation proceedings by which the Company obtained access to their property in various U.S. District Courts. In each case, the U.S. District Court found that the Company was entitled to immediate possession

of the easements, and the landowners appealed to the Fourth Circuit. The Fourth Circuit consolidated these cases and issued two opinions in 2019, one granting the Company immediate access for construction of the pipeline and the other finding that the Company did not have to condemn the interests of coal owners and that coal owners are not entitled to assert claims in the condemnation proceedings for lost coal on tracts for which they do not own a surface interest being condemned. A group of landowners filed a writ of certiorari with the U.S. Supreme Court regarding the Fourth Circuit's ruling on immediate access, which was denied on October 7, 2019. District court trials on just compensation are ongoing.

Greenbrier River Watershed Ass'n v. WVDEP, Circuit Court of Summers County, West Virginia. In August 2017, the Greenbrier River Watershed Association appealed the Company's Natural Stream Preservation Act Permit obtained from the West Virginia Environmental Quality Board (WVEQB) for the Greenbrier River crossing. Petitioners alleged that the issuance of the permit failed to comply with West Virginia's Water Quality Standards for turbidity and sedimentation. The WVEQB dismissed the appeal in June 2018. In July 2018, the Greenbrier River Watershed Association appealed the decision to the Circuit Court of Summers County, asking the court to remand the permit with instructions to impose state-designated construction windows and pre- and post-construction monitoring requirements as well as a reversal of the WVEQB's decision that the permit was lawful. On September 18, 2018, the Circuit Court granted a stay. A hearing on the merits was held on October 23, 2018. The court has not yet issued a decision.

On March 19, 2019, the WVDEP issued twenty-six Notices of Violation (NOVs) to the Company for various construction and sediment and erosion control issues in 2018. The Company and WVDEP reached a settlement agreement which was documented as an administrative consent order for the Company to pay $0.2 million in penalties. The consent order was executed by the WVDEP in September 2019. In addition to payment of assessed penalties in the amount of $0.2 million, the Company was required to submit a corrective action plan to resolve any outstanding permit compliance matters. The WVDEP executed the consent order on September 5, 2019 after a public comment period. The Company has addressed all corrective actions and remediation necessary to address the NOVs subject to the consent order.

Sierra Club et al. v. U.S. Dep't of Interior et al., Case No. 18-1082, Fourth Circuit Court of Appeals. On August 6, 2018, the Fourth Circuit held that the National Park Service (NPS) acted arbitrarily and capriciously in granting the ACP a right-of-way permit across the Blue Ridge Parkway. Specifically, the Fourth Circuit found that the permit cited the wrong source of legal authority and the NPS failed to make a "threshold determination that granting the right-of-way is 'not inconsistent with the use of such lands for parkway purposes' and the overall National Park System to which it belongs." Even though the Company is not named in the ACP litigation, the MVP route crosses the Blue Ridge Parkway roughly midway between mileposts 246 and 247 of the pipeline route and implicates some the same deficiencies addressed by the court. The Company elected to request that the NPS temporarily suspend its Blue Ridge Parkway permit until the deficiencies identified in the ACP litigation are resolved.

Wild Virginia et al. v. United States Department of the Interior; Case No. CP16-10-000; Case No. 19-1866, Fourth Circuit Court of Appeals. Petitioners filed a petition in the Fourth Circuit to challenge the Company's Biological Opinion and Incidental Take Statement issued by the Department of the Interior's Fish and Wildlife Service (FWS) which was approved in November 2017 (BiOp). Petitioners also requested a stay of the application of the Company's BiOp during the pendency of the court case. FWS subsequently requested that the Fourth Circuit approve a stay of the litigation until January 11, 2020. On August 15, 2019, the Company submitted a project-wide voluntary suspension of construction activities that pose a risk of incidental take, based on the BiOp. On October 11, 2019, the Fourth Circuit issued an order approving the stay of the BiOp and held the litigation in abeyance until January 11, 2020 pending re-consultation between FWS and the FERC regarding the FWS's review of the BiOp. In response to the Fourth Circuit's order, on October 15, 2019, the FERC issued an order to the Company to cease all forward-construction progress. Subsequently, the FERC authorized certain limited construction activities to resume. On January 9, 2020, the Fourth Circuit granted FWS' motion to hold the case in abeyance until March 11, 2020.

In addition to the proceedings above, there are other proceedings that may affect the MVP mainline, as described below.

*Cowpasture River Preservation Association, et al. v. U.S. Forest Service, et al., Case No. 18-11*44, *Fourth Circuit Court of Appeals.* On December 13, 2018, in an unrelated case involving the ACP, the Fourth Circuit held that the USFS, which is part of the Department of Agriculture, lacked the authority to grant rights-of-way for oil and gas pipelines to cross the Appalachian Trail. Although the Company obtained its grant to cross the Appalachian Trail from the BLM, a part of the Department of Interior, the rationale of the Fourth Circuit's opinion could apply to the BLM as well. On February 25, 2019, the Fourth Circuit denied ACP's petition for en banc rehearing. The federal government and ACP filed petitions to the U.S. Supreme Court on June 26, 2019 seeking judicial review of the Fourth Circuit's decision. On October 4, 2019, the Supreme Court formally accepted the Petitioners' writ of certiorari. The oral arguments occurred on February 24, 2020. Based on general court practice, the Company anticipates that the Supreme Court will issue its decision by June 2020.

Grand Jury Subpoena. On January 7, 2019, the Company received a letter from the U.S. Attorney's Office for the Western District of Virginia stating that it and the EPA are investigating potential criminal and/or civil violations of the Clean Water Act and other federal statutes as they relate to the construction of the MVP mainline. The January 7, 2019 letter requested that the Company and its members, contractors, suppliers and other entities involved in the construction of the MVP mainline to preserve documents related to the MVP mainline generated from September 1, 2018 to the present. In a telephone call on February 4, 2019, the U.S. Attorney's Office confirmed that it has opened a criminal investigation. On February 11, 2019, the Company received a grand jury subpoena from the U.S. Attorney's Office for the Western District of Virginia requesting certain documents related to the MVP mainline from August 1, 2018 to the present. The Company is complying with the letter and subpoena. The Company began a rolling production of documents responsive to the subpoena after the U.S. Attorney's office narrowed its subpoena inquiry to five farms in Virginia containing twenty streams or wetlands.

Paylor et al. v. Mountain Valley Pipeline, LLC, Case No. CL18-4874-00, Circuit Court of Henrico County. On December 7, 2018, the Virginia Department of Environmental Quality and the State Water Control Board (the Plaintiffs) filed a lawsuit against the Company in the Circuit Court of Henrico County alleging violations of Virginia's State Water Control Law, Water Resources and Wetlands Protection Program, and Water Protection Permit Program Regulations at sites in Craig, Franklin, Giles, Montgomery and Roanoke Counties, Virginia. On October 11, 2019, the Plaintiffs issued a consent decree to the Company. As part of the consent decree, the Company would agree to court-supervised compliance with environmental laws and third-party monitoring of erosion controls. The Company would also agree to pay $2.2 million in penalties. The consent decree was signed by the judge on December 11, 2019, and the penalty was paid to the agency in December 2019 and accepted by the agency on January 7, 2020. Beyond the civil penalty, the Company is required to complete additional corrective actions and comply with reporting requirements outlined in the consent decree.

4. Related-Party Transactions

In the ordinary course of business, the Company has transactions with related parties. Pursuant to the COM Agreement, EQM Gathering was engaged by the Company as operator of the MVP mainline to perform certain tasks related to the MVP mainline development, construction, marketing and operation. Costs incurred by EQM Gathering and its affiliates related to development, construction, marketing and operation of the MVP mainline will be reimbursed by the Company under the terms of the COM Agreement. As of December 31, 2019 and 2018, amounts due to EQM Gathering and its affiliates pursuant to the COM Agreement were approximately $1.3 million and $0.7 million, respectively.

Excluding MVP Holdco, each member or an affiliate of each member of the Company has entered into a 20-year transportation service agreement with the Company to transport natural gas on the MVP mainline once it is placed in service. Under these transportation service agreements, the Company contracted a total of 0.7 Bcf per day of firm capacity on the MVP mainline.

5. Commitments and Contingencies

The Company has commitments with various contractors and vendors to provide materials and services associated with construction of the MVP mainline. Future payments associated with these commitments as of December 31, 2019 totaled $1.2 billion. The Company expects to pay the majority of this amount in 2020.

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

The Company has been participating in condemnation proceedings in West Virginia and Virginia. As part of the proceedings, the Company was required to make a cash deposit equal to approximately three times the fair market value of the condemned parcels to ensure sufficient funds were available to pay each landowner. The amount in excess of the approximate fair values represents the amount the Company estimates will be refunded as the parcels are settled or condemned through the condemnation proceedings. The condemnation asset included in other assets in the accompanying balance sheets was approximately $9.9 million and $16.5 million as of December 31, 2019 and 2018, respectively.

6. Guarantees

As of December 31, 2019, each member of the Company was obligated to issue a guarantee in an amount equal to 33% of its proportionate interest in the remaining obligations to make capital contributions associated with the most recently approved

construction budget, less, subject to certain limits, any credit assurances issued by any affiliate under such affiliate's precedent agreement. In total, the member guarantees equaled approximately $332 million.

In the first quarter of 2020, the credit ratings for MVP Holdco's parent, EQM, were downgraded by S&P Global Ratings and Fitch Investor Services. As a result, EQM was obligated to deliver additional credit support in the form of a letter of credit to the Company on behalf of MVP Holdco, which letter of credit was in the amount of approximately $220.2 million. In connection with delivering such letter of credit as a replacement performance assurance, EQM's performance guarantee associated with the Company was terminated. The total amount of performance assurances did not change as a result of EQM posting its letter of credit.

7. Leases

As discussed in Note 2, the Company adopted ASU 2016-02, ASU 2018-11 and ASU 2019-01 on January 1, 2019 (the Adoption Date) using the optional transition method of adoption.

The Company elected a package of practical expedients that allows an entity to not reassess (i) whether a contract is or contains a lease, (ii) lease classification and (iii) initial direct costs. In addition, the Company elected the following practical expedients: (i) to not reassess certain land easements, (ii) to not apply the recognition requirements under the standard to short-term leases and (iii) to combine and account for lease and nonlease contract components as a lease, which requires the capitalization of fixed nonlease payments on the Adoption Date or lease effective date and the recognition of variable nonlease payments as variable lease expense. Nonlease payments include payments for property taxes and other operating and maintenance expenses incurred by the lessor but payable by the Company in connection with the leasing arrangement.

On the Adoption Date, the Company did not have any leases that were long-term in nature. Adoption of the standard did not require an adjustment to the opening balance of retained earnings. As of the Adoption Date and December 31, 2019, the Company had no lease contracts classified as financing leases and was neither a lessor nor party to a subleasing arrangement.

The Company did not have any leases as of December 31, 2019.

8. Subsequent Events

Subsequent events have been evaluated through February 27, 2020, the date the financial statements were available to be issued.

On January 2, 2020, the Company received capital contributions due from members of $12.7 million.

On February 19, 2020, the Company issued a capital call notice to its members for a total amount of $308.7 million, of which $17.1 million is due to the Company by April 1, 2020, $124.5 million is due to the Company by May 1, 2020, and $167.1 million is due to the Company by June 1, 2020.