ALERIAN Interviews

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Randy Crawford

COO of EQT Midstream Partners

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With 120 MLP operating entities, competition can be fierce for an MLP to join the Alerian Index Series. Current constituents have passed various market capitalization, adjusted market capitalization, trading, and distribution screens. The "In Da Club" interview series features companies that have been recently added to the Alerian Index Series, highlighting how they have grown and what to expect for the future.

This month, Alerian's Director of Operations Emily Hsieh sits down with the Chief Operating Officer of EQT Midstream Partners, Randy Crawford. The partnership was added to the Alerian MLP Index (AMZ) and Alerian MLP Equal Weight Index (AMZE) in June 2013, the Alerian Natural Gas MLP Index (ANGI) in September 2013, the Alerian MLP Infrastructure Index (AMZI) in June 2014, and most recently, the Alerian Energy Infrastructure Index (AMEI) in September.

Q: Explain what EQT Midstream Partners does, as if you were speaking to a 5th grader.

Crawford: EQT Midstream Partners constructs, owns, and operates gathering and transmission pipelines that enable a producer to ship natural gas from one location to another. It is analogous to how telecommunications companies use their cell towers and wireless network to send a text message from one person to another.

Q: How did you start this profession? When did you know that this was something you wanted to do over the long term?

Crawford: After graduating from West Virginia Wesleyan College, I accepted a position with Price Waterhouse. As a young CPA, the firm provided me exposure to many large companies in various industries, many of which were in the energy industry. In fact, one of my primary accounts was Consolidated Natural Gas Company (CNG), which was subsequently acquired by Dominion Resources. While working with CNG, I was exposed to their three primary business units: production, midstream and distribution. At the time, CNG was implementing an aggressive growth strategy in its Gulf Coast production and interstate pipeline businesses. The company was investing significant capital to increase its natural gas production and to expand its pipeline and storage business into the Northeast. I was fortunate to be offered an opportunity with CNG to participate in this very dynamic high-growth industry, leaving the comfort of a "Big 8" accounting firm for a career in the energy business. The decision to accept the position with CNG and leave the world for which I was trained was when I knew that the energy business was the future I wanted to pursue.

Q: How did you know when EQT Midstream Partners made it? What was the company's first big break?

Crawford: The first big break for EQT Midstream Partners actually came about three years before the IPO (initial public offering), when we made the conscious decision to reengineer the Equitrans pipeline to transport gas into the interstate pipeline grid. Prior to this, Equitrans was designed to transport gas from the interstates into the industrial and distribution load in Western Pennsylvania. I knew EQT Midstream Partners was something special based on the tremendous interest during the IPO and the subsequent follow-on offerings, which to me was a validation of our business strategy.

> Over the last two years, we have executed on our growth strategy and have tripled the size of EQT Midstream Partners.

Q: Talk about the transition from being a small-cap to mid-cap MLP. What has exceeded your expectations? What hurdles did you overcome?

Crawford: After completing our initial public offering, we were thrilled with the demand for EQM units, but one of the hurdles we did face was a low public float of EQM units. Over the last two years we have executed on our growth strategy and have tripled the size of the Company. Along the way, we were able to substantially increase our public float through two successful follow-on equity offerings. It's been really exciting to see the investor community recognize the opportunity that's in front of us from the natural gas shale renaissance, particularly from the Marcellus and Utica. In fact, it's not just midstream-focused investors who recognize the opportunity, but recently we've been receiving more and more inquiries about the EQT Midstream Partners story from analysts and investors who are generalists.

Q: What asset or geographical region do you think will most shape EQT Midstream Partners' growth story this coming year?

Crawford: The core of EQT Midstream Partners' asset base is Equitrans, a FERC-regulated interstate pipeline that is positioned right on top of the Marcellus fairway in Western Pennsylvania and Northern West Virginia. The ability to competitively expand this

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Chief Operating Officer of EQT Midstream Partners

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asset to existing and new markets will shape our growth story. Some examples of this include the recently announced Ohio Valley Connector, which positions us to build, acquire, or attach gathering systems; the gathering and transmission transaction with Range Resources; our acquisition of EQT's Jupiter gathering system; and our transmission expansion for Antero Resources. Also, our sponsor, EQT Corporation, recently proposed the Mountain Valley Pipeline, which is designed to transport gas from the Marcellus and Utica to southeastern markets and would be a significant extension of our system. Therefore, we expect Equitrans and its expanding strategic location to be at the heart of future pipeline expansion or extension growth opportunities.

Q: How does EQT Midstream Partners differentiate itself from the diversified mega-cap MLPs in the market?

Crawford: Given that most recent midstream activity has been more about connecting producers to markets, one of the main differentiating factors of EQT Midstream Partners is our keen understanding of the producer, a competency we acquired over many years through working closely with EQT's production unit. Through that relationship, we experienced firsthand the challenges the producer faces when developing world-class shale such as the Marcellus. It is that insight, along with our nimble business structure, that helps differentiate us.

Q: Explain one energy macro issue and one MLP macro issue that keeps you up at night.

Crawford: Our biggest challenge for both the energy and MLP sectors lies in the regulatory arena. The increase in regulation across the many townships, municipalities, states and federal agencies has the potential to delay project timing and result in additional and often unnecessary cost increases. We address this issue by continuing to work closely with all of our stakeholders. In most cases, communication and public education is the key. The more people who understand that energy independence can be accomplished in a safe and environmentally responsible manner, the better chance we have for all of America to prosper from this investment.

Q: What anecdote about your MLP do you tell most frequently?

Crawford: Some of the best deals are the ones you don't do. As it relates to our midstream business, prior to creating our MLP, we had some of the largest pipeline companies in the country interested in acquiring our midstream assets. Fortunately, we saw much greater value in our midstream business than the offers we received and decided not to sell. In only two short years, those MLP investors who believed in our business strategy have seen the market cap of our MLP increase from $700 million to more than $5 billion.

Q: What's your 30-second elevator pitch on why investors should consider EQT Midstream Partners?

Crawford: EQT Midstream Partners has a premier asset position in the heart of two world-class shale plays, the Marcellus and Utica. Our assets are supported by long-term, fixed-fee contracts and we have many organic growth opportunities that we are currently pursuing. We also have a strong corporate sponsor in EQT as the general partner, which owns a complimentary acreage position and will continue to drop its midstream assets into EQT Midstream Partners. And lastly, we have the ability to achieve high distribution growth rates well into the future.

"In da Club" was the lead single by rapper 50 Cent in his 2003 album Get Rich or Die Tryin'.

Emily Hsieh is the Director of Operations at Alerian, which equips investors to make informed decisions about MLPs and energy infrastructure. Her love of collecting MLP distributions is eclipsed only by her love of Bruno (her dog), Ben (her husband), and cooking. Not necessarily in that order.